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Monday,
26th August, 1955

PARLIAMENTARY DEBATES

HOUSE OF THE PEOPLE

OFFICIAL REPORT

PARLIAMENT SECRETARIAT
NEW DELHI

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LOK SABHA DEBATES
(Part I - Questions and Answers)

Dated 11.02.2015

LOK SABHA

Monday, 26th August, 1955

The Lok Sabha met at Eleven of the Clock.

[MR. SPEAKER *in the Chair*]

ORAL ANSWERS TO QUESTIONS

Khadi and Village Industries

***1159. Shri Radha Raman :** Will the Minister of **Production** be pleased to state :

(a) whether the amount of grant to be given to the All-India Khadi and Village Industries Board in 1955-56 has been increased ;

(b) if so, the total amount sanctioned therefor ;

(c) whether the grant is intended for any specific items ;

(d) if so, what are those items and the amount reserved for each item ; and

(e) the amount sanctioned for the opening of additional Khadi Emporia like those in Delhi and Bombay ?

The Deputy Minister of Production (Shri Satish Chandra) : (a) Yes, Sir.

(b) Rs. 5 crores.

(c) The amount sanctioned for Khadi cannot be utilized for Village Industries and *vice versa*. Specific allotments have not been made for each of the Village Industries.

(d) (*i*) Khadi—Rs. 350 lakhs including a revolving credit of Rs. 150 lakhs.

(*ii*) Village Industries—Rs. 150 lakhs including a revolving credit of Rs. 15 lakhs.

(e) The Board carries on its trading operations by utilizing the amounts placed at its disposal through revolving credits. No amount has been separately sanctioned for opening the Emporia. The realizations made by the Board in a particular month are credited to Government and the revolving credits are recouped in the succeeding month to the extent of the receipts so credited.

Shri Radha Raman : May I know if the Khadi and Village Industries Board in applying for further grant to the Government, asked for more amount than has been sanctioned, and if so, what was the actual application for ?

Shri Satish Chandra : The Khadi and Village Industries Board frame their proposals and send them to the Government. The new schemes drawn up during the course of the year are examined from time to time, first by the Board itself and then by the Government. An assurance has been given to the Board that these schemes will not be held up for want of funds alone. However, the Board has not been able to utilise so far the amount already sanctioned.

Shri Radha Raman : My question was : what was the actual amount for which schemes were placed before the Government by the Khadi and Village Industries Board ?

Shri Satish Chandra : I have got with me the budget estimates according to which sanctions are given. There are many items. I can read out the details.

Mr. Deputy-Speaker : No, no. He wants only the total amount.

Shri Radha Raman : Yes, Sir.

Mr. Deputy-Speaker : All right. It will require some totalling up.

Shri Satish Chandra : I do not know what was the demand made by the Board before the budget was framed, but they have been assured that none of their schemes will be held up for want of funds. The Board has been informed that an additional sum of Rs. 2 crores, *i.e.*, Rs. 1 crore for Khadi work and Rs. 1 crore for village industries, will be available to them in addition to the budget grants.

Shri Radha Raman : What are the specific items included in the scheme which the Board submitted and the Government have accepted for Rs. 5 crores in different sections, village industries as well as Khadi?

Shri Satish Chandra : He wants me to read out the break-up.

Mr. Deputy Speaker : It is a tabular statement.

Shri B. S. Murthy : May I know whether this Board has got branches in all the States, and if so what are the special benefits given to the local cottage industries through the Board ?

Shri Satish Chandra : This Board has set up Khadi and Village Industries Boards in such States, where the State Governments have agreed to form one. Otherwise, it carries on its activities through well-known non-official recognised institutions.

Iron and Steel Factories

***1160. Shri Barman** : Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether any Indian has been associated in designing and planning of any of the Iron and Steel Factories which have so far been established in India ; and

(b) if not, the steps that are being taken to train Indians for designing and planning of this Industry ?

The Minister of Industries (Shri Kanungo) : (a) Information relating to the original steel factories is not available. In connection with the modernisation and expansion plans of those factories, now under way, Indians are being associated to the extent the circumstances permit in each case.

(b) Does not arise.

Shri Barman : May I know the latest production target under the expansion scheme of TISCO and SCOB and whether that will be done with the help of foreign engineers and technicians or with the help of our own people ?

The Minister of Commerce and Industries and Iron and Steel (Shri T. T. Krishnamachari) : So far as Tatas are concerned, the latest production targets, provided the expansion plans go through, will be 2 million ingots, or somewhere about 1·4 million tons of steel. So far as TISCO is concerned, it will be about a million ton ingots or about 800,000 tons of steel. The position as mentioned by my colleague still remains true. So far as designing is concerned, it has got to be done with foreign experts, but Indians will be associated in the work of designing.

Shri Barman : Is it a fact that India is the richest country so far as iron ore is concerned both in quality and in quantity, and if so, whether the Iron and Steel Ministry contemplates in future to have installations of iron and steel factories and for that purpose to train our people in foreign countries, in foreign firms besides the three firms that are going to help us?

Shri T. T. Krishnamachari : So far as the content of iron ore is concerned, it is reasonably good. Whether we are richest or not is probably a matter of opinion. Probably other countries have not made a study of their ore resources, but any question of expansion beyond the present target of 4·5 million tons of finished steel or 6 million tons of ingots is at the moment not within practical bounds. I would like to tell the hon. Member and the House that the question of finding personnel even for these three new plants that we are contemplating looks to me—I suppose probably because of my own deficiencies—almost a superhuman task, and I would not advise Government at this stage to look beyond the present target. May be, two years hence we would be in a better position to estimate our needs and our resources both in the matter of men, money and personnel.

Shri Sarangadhar Das : Although there may not be any possibility of further expansion within the next five years or so, even then, is any attempt being made to train engineers who will design the plants in future or any expansion of the existing plants or the proposed plants ?

Shri T. T. Krishnamachari : I would not rule out the possibility of our considering expansion within a period of five years. In fact, if my personal opinion is asked, may be the beginning of 1958 would be a proper time for us to take stock of the future, but it all depends. The question of the future possibility in regard to training men depends on our initial attempts to train men for these three steel plants. May be, if young men are associated in the work of these steel plants, they will get enough knowledge to be able to design future plants as and when necessary.

Lahore Transit Camp

***1161. Shri D. C. Sharma** : Will the Minister of **Rehabilitation** be pleased to state :

(a) the amount spent on the Lahore Transit Camp in 1954-55 ; and

(b) how long this camp will continue to function ?

The Minister of Rehabilitation (Shri Meher Chand Khanna): (a)Rs. 42,375/2/-

(b) It is not possible to make an estimate at this stage.

Shri D. C. Sharma : May I know how many persons are staying in this transit camp at Lahore waiting for evacuation to India ?

Shri Mehr Chand Khanna : I do not know the number of persons staying in the camp at the present moment, but I have a break-up which indicates that during the last five or six years, as many as 16,844 persons have used this transit camp.

Shri D. C. Sharma : May I know on what items the expenditure referred to by the hon. Minister has been incurred ?

Shri Mehr Chand Khanna : There are only two main items ; one is the establishment, and the other is the contingencies.

Shri Kamath : Is there active coordination fund collaboration between the Ministry of Rehabilitation and the Ministry of Works, Housing and Supply, so far as the work of the recovery of abducted persons is concerned ?

Shri Mehr Chand Khanna : How does it arise out of this question ? Here, we are referring to a camp that is in Lahore, which receives non-evacuees who want to come to India, persons who may have been forcibly converted to Islam during the time of Partition, and Indians going to Pakistan for business and other matters. This camp is simply used for accommodating those persons during their transit either from Pakistan to India or from India to Pakistan, for a temporary period.

Shri D. C. Sharma : May I know whether there are any applications pending with the Ministry of Rehabilitation from those persons who are waiting for crossing over to India, and whether the question of Harijans who are asking to be sent across to India has been solved ?

Shri Mehr Chand Khanna : This camp is being administered by our Deputy High Commissioner in Lahore. Applications are received from time to time, people are placed in the camp, and after the normal formalities have been gone into, they are sent across.

Shri Gidwani : May I know whether the Pakistan authorities are putting any impediments in the way of their removal to India ?

Shri Mehr Chand Khanna : In their removal to India, I would require notice. But as far as my information goes, all these cases are duly examined. There may be a difficulty arising here and there, but I have no personal knowledge at the moment.

Salt

*1164. **Shri Ibrahim** : Will the Minister of **Production** be pleased to state whether any kind of control is being exercised at present by Government on the production and distribution of salt ?

The Deputy Minister of Production (Shri Satish Chandra) : The manufacture of salt is subject to the terms and conditions of a licence granted by the Salt Commissioner. The persons whose individual holdings do not exceed 10 acres are exempt from this licence. Quality control is enforced on salt produced by the licencees and sub-standard salt containing less than 94% Sodium Chloride is not normally released for human consumption.

Large dealers in Calcutta with stocks exceeding 1,000 tons are required to maintain a certain percentage as reserve which cannot be disposed of without the permission of the Salt Commissioner.

In order to ensure movement under the Zonal Scheme drawn up under Section 27(A) of the Indian Railways Act, 1890, a limited control is exercised on movement of salt from Production Centres to Consuming Areas. There is otherwise no restriction on the movement by road, river, rail, or any other mode of transport.

Some State Governments also exercise control over the sale, distribution and price of salt in their respective territories.

Shri Ibrahim : May I know the annual consumption of rock-salt in India ?

Shri Satish Chandra : At present, rock salt is not being imported.

Shri Ramachandra Reddi : What sort of control is maintained over the unlicensed salt manufacturers who are not able to keep up the standards of consumable salt ?

Shri Satish Chandra : There is already a clause in the licence, according to which the quality of salt can be controlled. *Government are considering the proposal now to enforce it for all small holdings in other States also.

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*This was later corrected by the Deputy Minister of Production *vide* Column No. 4164.

Shri Kasliwal : May I know whether Government propose further to relax controls on the production and distribution of salt in addition to what has been stated by the hon. Minister ?

Shri Satish Chandra : As I said, there is not much of statutory control. If the hon. Member has heard my answer, he will find that the only control exercised at present is on the zonal movement. That in fact assists the movement of salt from the producing centres to the consuming areas. The quality control is of course exercised on the production of salt.

Shri Ramachandra Reddi : I wanted to know about the manufacture of salt by unlicensed manufacturers. Is any sort of control maintained over those people with regard to the manufacture of standard salt ?

Shri Satish Chandra : The answer that I gave was in regard to unlicensed manufacturers. The salt manufactured by licensed manufacturers is subject to quality control. *But as far as unlicensed manufacturers are concerned, whose holdings are less than 10 acres, it is now being subjected to quality control in Madras, and the idea is to extend it to other States.

Shri V. P. Nayar : In answer to a supplementary, the hon. Minister stated that there is no rock-salt manufactured in India at present. May I know whether Government are aware that for purposes for which rock-salt has to be used, especially medicinal preparations, the rock-salt has to be purchased at prices varying from about 25 times the normal price of rock-salt, because it is in terrible short supply here ?

Mr. Deputy-Speaker : That is a suggestion for the production of rock-salt.

Shri V. P. Nayar : We are importing rock-salt from Pakistan.

Mr. Deputy Speaker : That is only a suggestion for action. If the hon. Minister wants to explain, I have no objection.

The Minister of Production (Shri K. C. Reddy) : A small quantity of rock-salt is being produced at Mandi. Apart from that, I may tell the hon. Member that according to the recent trade agreement between India and Pakistan, a certain quantity of rock-salt has been agreed to be imported.

Shri S. V. Ramaswamy : May I know what technical advice Government provide to the small manufacturers to manufacture salt to standard specifications ?

Shri K. C. Reddy : The Salt Department has a scheme by means of which the quality of salt etc., that is produced may be improved. They have drawn up a five year scheme, and it is being implemented gradually, and under this scheme, the small manufacturers also will be benefited.

Steel Fabricating Units

*1167. **Shri Bhagwat Jha Azad :** Will the Minister of **Iron and Steel** be pleased to refer to the statement made by him in the House on the 15th April, 1955 and state :

(a) whether any final decision has since been taken for the setting up of three steel fabricating units with foundry and forging capacity in the country ; and

(b) if so, whether they will be established by public sector or private sector ?

The Minister of Industries (Shri Kanungo) : (a) No, Sir. But the matter is under consideration.

(b) Does not arise.

Shri Bhagwat Jha Azad : By what time can we expect Government to come to a final decision on this matter ?

Shri Kanungo : Shortly.

Shri Bhagwat Jha Azad : What is the meaning of 'shortly' ?

Shri Kanungo : I cannot give a date, but I believe it will be within this year.

Shri Bhagwat Jha Azad : May I know whether any decision has been taken about the location of the fabricating units ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : I would like to explain further what my colleague has said. The problem of setting up forging plants and foundries on a big scale is not an easy thing. The technical problems involved therein are rather difficult. We are investigating into the possibility of getting the type of machinery that is required, the type of plants that we require etc., and I am afraid a technical evaluation of our needs will certainly take time. It is really not a matter of my going and purchasing something in the bazar tomorrow and setting it up.

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*This was later corrected by the Deputy Minister of Production *vide* Column No. 4164

Shri Bhagwat Jha Azad : May I know whether in this attempt we are getting assistance of any foreign technica staff ?

Shri T. T. Krishnamachari : Not so far as it is proposed at present. Perhaps, if the need arises, we might approach one of our friends for some technical assistance.

Mr. Harvill Weller

***1168. Shri Gidwani :** Will the Minister of **Irrigation and Power** be pleased to state :

(a) whether it is a fact that Government have invited Mr. Harvill Weller of the Mississipi River Commission to advise on flood control measures ; and

(b) if so, the salary to be paid to him for his assignment in India ?

The Deputy Minister of Irrigation and Power (Shri Hathi) : (a) Yes, Sir.

(b) No salary was paid to Mr. Weller He was paid only the actual travelling expenses incurred by him on his visits to project sites in India.

Shri Gidwani : When was the Flood Control Board appointed here, and what measures have been adopted so far to control the floods ?

Shri Hathi : I think the first Flood Control Board met in September, 1954. Subsequent to that, various States were reguested to have State Flood Control Boards. By now, 11 States have formed State Flood Control Boards.

Shri Gidwani : May I know whether any embankments have been washed away during the recent floods, and if so, what has been the loss ?

Shri Hathi : On what project or in what particular area does the hon. Member want the information ?

Shri Gidwani : On Kosi.

Mr. Deputy-Speaker : How does it arise out of this ? One Commissioner came here for the purpose of inquiring and giving advice. Has he given advice that this must be washed awy ?

Shri B. S. Murthy : What are the rivers studied by this gentleman, and may I know whether he has given any report up till now ?

Shri Hathi : This expert visited Dibrugarh, Palasbari and Sualkochi in Assam, Jalpaiguri in West Bengal and Kosi in Bihar. He also went to the Central Water and Power Research staion at Poona and studied the models there. He has submitted a report also. He has made about six to seven recommendations.

Shri B. S. Murthy : What are the other rivers he was commissioned to study and report ?

Shri Hathi : He was only required to visit these sites.

Shri Gidwani : What is the nature of those seven recommendations he has made ?

Shri Hath : Technical nature.

Shri Kamath : Is it not a fact that very recently some of our engineers went to China to study flood control schemes there, and have submitted their report ? If so, which of the two techniques and methods, the Chinese technique and method or the American technique or method, is more suitable to Indian conditions ?

Shri Hathi: I may mention for the information of the hon. Member that the Chief Engineer of China also came here. He also looked into the Kosi project—he also had an opportunity of seeing our work on the Kosi project.

Shri Kamath : My question was different. Which of the technique or methods is more suitable to Indian conditions—the Chinese or American ?

Shri Hathi : The condition, of course, varies according to river conditions, not according to a particular country. The problems generally are the same, but this similarity is not with regard to country, but with regard to the nature of the river. And so far as flood is concerned, the problem presented by the Kosi resembles the problem presented by the Chinese river.

Shri Kamath : I asked about the two methods—will they co-exist here?

Dr. Rama Rao : Our engineers have drawn up a scheme for flood control and they have been proceeding on a certain line. Are the recommendations made by the American engineer materially different from the line that our engineers have been following?

Shri Hathi : They mostly agree, there is no material difference.

छोटे पैमाने के उद्योग

***११७०. श्री रघुनाथ सिंह :** क्या वाणिज्य तथा उद्योग मंत्री १० अगस्त, १९५५ को दिये गये तारांकित प्रश्न संख्या ६०३ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि छोटे पैमाने के उद्योगों के विकास के सम्बन्ध में सरकार को मंत्रणा देने के लिये दो अमरीकी विशेषज्ञ भी भारत आये हैं ; और

(ख) यदि हां, तो वे किन उद्योगों के सम्बन्ध में अपनी मंत्रणा देंगे ?

उद्योग मंत्री (श्री कानूनगो) : (क) जी, हां ।

(ख) लघु उद्योगों की अर्थ और बिक्री व्यवस्था के सम्बन्ध में ।

श्री रघुनाथ सिंह : मैं जानना चाहता हूं कि जो अमरीकन एक्सपर्ट आते है वह कौनसी चीजों के एक्सपर्ट हैं जो कि अमरीका की इंडस्ट्री में होती हैं ?

श्री कानूनगो : यह जो दो आदमियों के बारे में सवाल पूछा गया है उन में से एक तो एक एकनामिक्स और दूसरा मार्केटिंग के बारे में आया है ।

Shri V. P. Nayar : May I know whether Government are aware that in the year 1952 a very elaborate survey was made in regard to the position of small scale and cottage industries in the Travancore-Cochin State by Dr. P. J. Thomas, and that this specialist when he visited Travancore-Cochin was not even shown a copy of the report submitted by Dr. Thomas?

Shri Kanungo : It is quite possible.

Shri S. V. Ramaswamy : May I know whether there are any Japanese experts who have been invited? If not, in view of the fact that Japan is pre-eminently a nation of small scale industries is it in the contemplation of Government to have the assistance of Japanese experts?

Shri Kanungo : At the moment, we are concerned with the marketing and ecomomics and planning. As far as the Japanese experts are concerned we tried to get them, but we could not get them.

Shri Bhagwat Jha Azad : May I know whether these experts have submitted any report? If so, what aspect of the problem they have emphasised?

Shri Kanungo: One has submitted a report on the marketing side and it is under consideration.

Shri Joachim Alva : What is the real policy of Government in regard to small industries? Is it to get foreign experts in industries which are dying and which really need requisite financial help, or is to get Danish experts—according to a statement made by the hon. Minister--on a salary of Rs. 3000 to revive our lock industry, when we have got suffcient local talent in Aligarh?

Shri Kanungo: It is not a matter of policy. The question is about getting expert advice on improving the technique of production and also finding out new line of production.

पर्वतीय नगरों (हिल स्टेशन्स) का विकास

***११७१. श्री भक्त दर्शन :** क्या योजना मंत्री १९ अप्रैल, १९५५ को दिये गये तारांकित प्रश्न संख्या २३९७ से उत्पन्न होने वाले अनुपूरक प्रश्न के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) क्या तब से योजना आयोग ने राज्य सरकारों से उनके पर्वतीय नगरों के विकास के सम्बन्ध में परामर्श किया है ;

(ख) क्या योजना आयोग ने इस काम के लिये किसी राज्य के लिये कोई राशि निर्धारित की है ; और

(ग) यदि हां, तो इन राशियों का किस प्रकार और किन शर्तों पर उपयोग किया जायेगा ?

योजना उपमंत्री (श्री एस० एन० मिश्र) : (क) तथा (ख) जी, नहीं ।

(ग) प्रश्न नहीं उठता ।

श्री भक्त दर्शन: क्या मैं यह जान सकता हूं कि क्या प्लैनिंग कमीशन ने इस बात क

प्रयत्न किया है कि इस देश में जितने हिल स्टेशन्स ह उनकी सूची तैयार की जाय, और क्या इस की कोई परिभाषा निश्चित की गई है कि किस प्रकार के स्थान को हिल स्टेशन माना जाये ?

श्री एस० एन० मिश्र : जी नहीं इस प्रकार का कोई प्रयास नहीं हुआ ह ।

श्री भक्त दर्शन : क्या गवर्नमेंट के ध्यान म यह बात आई है कि बड़े प्रसिद्ध हिल स्टेशन्स जैसे नैनीताल, मसूरी, शिमला, दार्जीलिंग आदि के अलावा और भी हिल स्टेशन्स हैं जिनका विकास करने की आवश्यकता है और क्या इस ओर ध्यान दिया जा रहा है ?

श्री एस० एन० मिश्र : जी हां, यह बिल्कुल सही ह कि इन के अलावा भी कई हिल स्टेशन हैं ।

Shrimati Sushama Sen: May I know whether Government are aware that the Simla hill station has lately been very sadly neglected? Is there any plan to restore its popularity?

Shri S. N. Mishra: I do not have any scheme for attracting more people to Simla at the moment. I do not have even that imformation that Simla is getting unpopular.

Shri C. D. Pande: Are Government aware that since there has been a great deal encouragement to tourist traffic to Kashmir, most of the hill stations in other parts are suffering?

The Minister of Rehabilitation (Shri Mehr Chand Khanna): Including Naini Tal.

Shri S. N. Mishra: No, Sir. The Planning Commission has no information about that.

Evacuee Agricultural Lands

*1173. **Dr. Satyawadi**: Will the Minister of **Rehabilitation** be pleased to state the progress so far made towards conferring the ownership rights in respect of the Evacuee Rural Agricultural Lands and houses to the allottees in the States of Punjab and P.E.P.S.U.?

The Minister of Rehabilitation (Shri Mehr Chand Khanna): The requisite staff has been appointed in the Punjab and P.E.P.S.U. and the work has just been started by the two state Governments.

डा० सत्यवादी : इस काम के मुकम्मल होने में कितना अर्सा लगेगा ?

श्री मेहर चन्द खन्ना : कोई चार, पांच लाख शरणार्थियों को यह जमीन बांटनी है । अभी आज ही तो काम शुरू हुआ है इस लिये वक्त तो लगेगा ही ।

डा० सत्यवादी : क्या कुछ ऐसी जमीन पंजाब और पेप्सू में पड़ी हैं जो अभी तक ऐलाट नहीं की गई हैं ?

श्री मेहर चन्द खन्ना : कुछ न कुछ अब हमारी नजर में आ रही हैं । बहुत सी जमीन जो पंजाब और पेप्सू में थी, वह चार पांच बरस पहले ही ऐलाट हो चुकी है ।

डा० सत्यवादी : क्या कुछ ऐसे भी शरणार्थी हैं जिन्हें जमीनें आज तक ऐलाट नहीं हुई हैं, हालांकि वह जमीनें छोड़ कर यहां आये हैं ?

श्री मेहर चन्द खन्ना: जहां तक पंजाब और पेप्सू का ताल्लुक है और उन भाइयों का तल्लुक ह जो पंजाबी हैं या पंजाबी नस्ल के हैं, उन में ो तकरीबन हर एक को जमीन ऐलाट हो चुकी है, और अगर आप का इशारा सिन्ध, बिलोचिस्तान, भावलपुर और सूबा सरहद के भाइयों से है तो मुझे हां में कहना पड़ेगा । उन में अभी बड़ी भारी तादाद ऐसी ह जिन को अभी जमीनें ऐलाट नहीं हुई हैं ।

Kashmir

*1175. **Shri Bogawat**: Will the **Prime Minister** be pleased to state whether any date has been fixed for the next meeting of the Prime Ministers of India and Pakistan for discussing the Kashmir issue?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): No date has been fixed for the next meeting.

Shri Bogawat: May I know if it is necessary to have a discussion so far as the atrocities committed in the 'Azad' Kashmir area are concerned? If so, what are those atrocities committed against the inhabitants of that area, and have the Govenment written anything regarding these atrocities?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : I really do not understand the sudden leap that the hon. Member has taken to certain alleged occurrences in the 'Azad' Kashmir area. The question was about certain date of a meeting. Evidently, he has read some newspaper reports. I have read them too; I have had other reports also. From it, one generally gathers that things are not very bright in the 'Azad' Kashmir area. But what more can I say about it? I have no mind to discuss it.

Shri Bogawat : May I know if Government have written so far as these atrocities are concerned?

Shri Jawaharlal Nehru : To whom?

Shri Bogawat : To the Pakistan Government.

Shri Jawaharlal Nehru : No, we have not.

Shri Bhagwat Jha Azad : May I know whether the attention of Government has been drawn to the recent propaganda campaign started in Pakistan about launching satyagraha in Kashmir and, if so, have the Government of India sent a protest against this campaign?

Mr. Deputy-Speaker : All that does not arise under this question.

Shri Kamath : Is it a fact that in the wake of the Home Minister's speech, the Chief Minister of Jammu and Kashmir has, a couple of days ago, declared that there will be no plebiscite in Kashmir till eternity? Considering that he, rather they are voicing the views of the vast masses of the people of India and Kashmir does the Prime Minister think that any useful purpose will be served by discussing this aspect of the matter with the Prime Minister of Pakistan?

Shri Jawaharlal Nehru The Government of India does not deal with eternity at any time. It deals with present problems as they arise. The Government of India, so far as it has made any commitments stands by them, and will go on standing by them.

Evacuee Property in Delhi

*1178. **Chaudhri Muhammed Shaffee** : Will the Minister of **Rehabilitation** be pleased to lay statement on the Table of the House showing :

(a) the total number of evacuee properties in the rural areas of Delhi State allotted to displaced persons so far;

(b) the total number of such evacuee properties which have not been allotted to displaced persons so far; and

(c) the reasons for not allotting them?

The Minister of Rehabilitation (Shri Mehr Chand Khanna) : (a)

(i) Lands and gardens—10,430 acres.

(ii) Houses, shops and plots—2,949 units.

(b) (i) Lands and gardens—6,727 acres.

(ii) Houses, shops and plots—996 units.

(c) (i) The lands and gardens could not be allotted for the following reasons :—

(1) 1,489 acres are included in colonies for displaced persons.

(2) 1,389 acres are in the possession of local tenants.

(3) 3,607 acres are *banjar* land.

(4) 242 acres have become available only recently as a result of separation of evacuee and non-evacuee interest.

(ii) The houses, shops and plots could not be allotted partly because some are in a state of disrepair and other are situated in villages for which there is no demand.

چودہری محمد شفیع - میں چاہتا ہوں کہ کتنی ایسی جایداد ہے جس کے مالک یہاں موجود ہیں اور جو نکسی جایداد قرار دے دی گئی تھی اور آج تک، وہ ان کو واپس نہیں ملی -

[**Chaudhuri Muhammed Shaffee**]: May I know the extent of property whose owners are here—the property which was declared as evacuee property but now restored to them so far ?]

श्री मेहर चन्द खन्ना : जनाबे आली इस सवाल का इस से कोई ताल्लुक नहीं है । उसके लिए कानून है और उस कानून की रू से हर एक आदमी को जो कि हमारे फैसले से सहमत नहीं हैं उस को दफा १६ के नीचे इजाजत है कि वह रेस्टोरेशन के लिए दरख्वास्त दे या कस्टोडियन जेनरल के पास जाए । रहा सवाल कि कितनी चीज थी, कितनी एलाट हुई और कितनी बाकी है, यह इत्तिला इस वक्त मेरे पास नहीं है ।

چودھری محمد شفیع - انکا نمبر کتنا ہے جن کے جھگڑے چل رہے ہیں ؟

[**Chaudhuri Muhammed Shaffee** : The number of those whose properties are under dispute?]

श्री महर चन्द खन्ना : सारे हिन्दुस्तान के बारे में पूछ रहे है या दिल्ली के बारे में ?

چودھری محمد شفیع - دلی کے بارے میں -

[**Chaudhuri Muhammed Shaffee:** In Delhi.]

श्री मेहर चन्द खन्ना : इस सवाल का इससे कोई ताल्लुक नहीं है, लेकिन हमारे पास इस वक्त दफा १६ के नीचे काफी दरख्वास्तें हैं, मुमकिन है उनकी तादाद चार पांच हजार हो । उन में से दिल्ली की कितनी हैं मैं ज़बानी नहीं बता सकता ।

چودھری محمد شفیع - یہ جو درخواستیں ہیں انکا کب تک فیصلہ ہو جائیگا -

[**Chaudhuri Muhammed Shaffee** : When will the cases of these applicants be settled?]

श्री मेहर चन्द खन्ना : मैं सिर्फ इतना तसल्ली आनरेबल मेम्बर को दिला सकता हूं कि कोशिश की जा रही है कि जितनी भी जल्दी फैसले हो सकें हो जायें ।

Shri Bhagwat Jha Azad : In view of the fact that so many concessions are being given to the refugees, do Government consider the possibility of revising its policy and allotting the houses to the present occupants instead of putting them up for auction?

Shri Mehr Chand Khanna : I do not understand the implication of 'concessions'. Will the hon. Member explain it further so that I may be in a position to answer the question?

Shri Bhagwat Jha Azad : I will put a straight question. May I know whether Government propose to revise its policy and allot these houses instead of putting them up for auction and selling them at higher rates?

Shri Mehr Chand Khanna: It is now a different question. A copy of the rules has been placed on the Table of the Sabha and a motion is going to be discussed in this honourable House on the 14th of next month. The hon. Member will have ample opportunity to place his views, and I shall also have the opportunity to reply.

Shri Bhagwat Jha Azad: Will the hon. Minister consider the postponement of such sales in public auction till it is considered by this House?

Shri Mehr Chand Khanna: At the present moment all the sales that are being undertaken are above a certain value, and the present occupants who are occupying smaller houses are not affected.

श्री डी० सी० शर्मा: क्या माननीय मंत्री जी यह बतलाने की कृपा करेंगे कि उन्होंने निहायत ठंडे दिल से कहा कि चार पांच हजार अपील्ज हमारी मिनिस्ट्री में पड़ी हुई हैं । इस का क्या तात्पर्य है ? क्या यह उन की मिनिस्ट्री के लिये शोभा की बात है या इस म उन का मान है कि चार पांच हजार पड़ी हुई हैं ?

श्री मेहर चन्द खन्ना : शोभा तो मेरी उतनी ही है जितनी कि उन की है क्यों कि हम दोनों एक ही पार्टी के हैं और कोई खास फर्क नहीं पड़ता है । रहा सवाल कि कब इन का फैसला होगा, मैं यह अर्ज कर सकता हूं कि यह चीज हमारे सामने है और हम कोशिश कर रहे हैं कि जितनी जल्दी भी हो सके इन के फैसले हो जायें । इन का फैसला होने के बाद ही मैं जायदादों को बेच सकता हूं और शरणार्थियों को इवजान दे सकता हूं । मुझे भी उतनी ही जल्दी है जितनी कि आनरेबल मैम्बर को है ।

श्री एम० एल० द्विवेदी : मैं जानना चाहता हूं कि जो मकान अभी तक बेचे गये हैं उनके कितने अोक्युपेंट्स को एविक्ट कर दिया गया है ?

श्री मेहर चन्द खन्ना : साहब कुछ गलतफहमी सी पड़ी हुई है । हम ने आज तक जो मकान बेचे हैं वे वही मकान बेचे हैं जो कि खाली थे या उन में शरणार्थी नहीं थे । बाकी जो मकान बेचे गये हैं निकासी जायदाद के उन को अंग्रजी में 'अनएकोनोमिक' कहा जाता है जिन की तादाद मुमकिन है दो तीन हजार हो ।

Aluminium Plant

*1181. **Shri S. V. Ramaswamy:** Will the Minister of **Planning** be pleased to state:

(a) whether it is a fact that the Government of Madras have submitted a proposal for the setting up of an Aluminium Plant in the South during the Second Five Year Plan, based on the availability of bauxite in Salem; and

(b) if so, what will be the size of the plant and the estimated cost thereof;

(c) whether the proposed plant is dependent on the availability of electricity or lignite from Neivali; and

(d) whether any decision has been taken in the matter?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) Yes, Sir.

(b) Installed capacity : 30 tons of aluminium per day; Estimated cost: Rs. 837.2 lakhs (non-recurring), Rs. 61·48 lakhs (recurring).

(c) The Madras Government have proposed that the requirements of power should be drawn from the Mettur Hydroeletric scheme.

(d) It is proposed to appoint a committee to study the economics of production of aluminium at various sites in the country.

Shri S. V. Ramaswamy: In view of the fact that the Second Five Year Plan proposes to step up production from 5,000 to 40,000 tons, are any preliminary steps being taken even now to see that work commences as soon as the Second Five Year Plan commences?

Shri S. N. Mishra: All these things are under consideration now that we are formulating our industrial plan.

Shri S. V. Ramaswamy: Is it a fact that even now there is a private firm producing alumina under a lease from the Government of Madras? If that is so, is it proposed to acquire both the firm and the mill?

Shri S. N. Mishra: I think this question could more appropriately be directed to the Ministry of Commerce and industry.

श्री एम० एल० द्विवेदी : मैं जानना चाहता हूं कि यह दूसरा प्लांट लगाने से पेश्तर क्या सरकार ने इस बात पर भी गौर किया है कि अल्वाई में जो अल्यूमोनियम प्लांट लगा हुआ है वह आधी कैपिसिटी पर काम कर रहा है ?

श्री एस० एन० मिश्र : जी हां, बहुत से एसे प्लांट्स हैं जो और भी इंडस्ट्रीज में हैं और पूरी कैपेसिटी में वर्क नहीं करते हैं और मुमकिन है कि अल्वाई के प्लांट के बारे में भी ऐसी ही बात हो ।

Shri V. P. Nayar: The Deputy Minister said that detailed studies are being undertaken by the Government of India in different sites as to the comparative advantages and disadvantages of starting an aluminium factory in the next Five Year Plan. I want to know whether, before considering that aspect, Government has any proposal to enhance the production in existing aluminium factories, especially the aluminium factory in Travancore-Cochin?

Shri S. N. Mishra: Necessarily; the consideration before Government always is to increase the production in the plants that are already in existing.

Hindustan Shipyard

*1184. **Shri Matthen:** Will the Minister of **Production** be pleased to state:

(a) the number of ships for which an order has been placed with the Hindustan Shipyard so far and whether they have been able to deliver them according to schedule ; and

(b) whether the target of the Firs Five Year Plan will be reached in time ?

The Minister of Production (Shri K. C. Reddy): (a) Of the 15 ships that have been on order with the Shipyard, 5 Jala-type ships and one modern diesel engine ship of Maierform design have already been delivered. The delivery of the last three of these six ships was behind the schedule owing to unavoidable reasons. The delivery of the remaining ships also will involve some delay.

(b) No.

Shri Matthen: May I know whether this unpardonable delay is partly due to the technical assistance they are getting from the French experts ? If so, what do Government propose to do?

Shri K. C. Reddy: As I said, there has been unavoidable delay. Whether it is pardonable or unpardonable it is for the hon. Member to have his own opinion. With regard to two ships of Jala-type, it was not the fault of the French technicians with whom we are collaborating and the delay in the delivery of these two ships was because of reasons beyond our control. When the shipyard was taken over from Scindias, there was not enough planning by the previous owners, enough quantities of steel were not ordered in time and orders were not placed for two engines that were necessary for the two ships. There was also a breakdown of the only rolling mill that we have in our country. Owing to these causes the delivery of those two ships was delayed. With regard to Maierform design ship, the delay has been caused partly due to a wrong appraisement at the beginning by the French collaborators whom we have appointed. They have since found out their mistake. They have also sent more expert technicians to help us in the working of the shipyard, and sufficient remedial measures are now bein taken. I may add that since this question has been engaging the attention of more thant one hon. Member of this House. I propose to lay a detailed statement on the Table of the House.

Shri Matthen: May I know if the hon. Minister is aware that both the German shipyards and Japanese shipyards are delivering their ships ahead of schedule? If this is the present rate of progress, will the hon. Minister consider doing something before the Second Five Year Plan to expedite production?

Shri K. C. Reddy: I do not know about the Japanese shipyards or other shipyards, but I can only speak with authority on the working of our shipyard. However, I take the information which the hon. Member has given.

Shri Raghunath Singh: How many times have the engineering experts been changed ?

Shri K. C. Reddy: I cannot answer definitely how many times. I am aware of only one change recently when two technicians were replaced by eight technicians on the advice of the French firm.

Dr. Rama Rao: In view of the delay and in view of the urgent need to increase our tonnage, do Government take into consideration expanding the Visakhapatnam Shipyard ?

Shri K. C. Reddy: An expansion scheme is already in implementation so far as the Visakhapatnam Shipyard is concerned. I may add that Government are considering the desirability of building another shipyard in the country.

Shri Sarangadhar Das: May I know if Government consider it desirable to study the shipbuilding methods in different countries, including Japan and the continental European countries, with a view to plan the future and to take the best experts whether they are in Europe or in Asia ?

Shri K. C. Reddy: May I say that it is a suggestion for action.

श्रीलंका में भारतीय

*११८५. **श्री एम० एल० द्विवेदी** : क्या प्रधान मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि श्रीलंका के प्रधान मंत्री ने श्रीलंका के प्रतिनिधियों के सदन (हाउस ग्राफ रिप्रेजेन्टेटव्स) में यह घोषणा की थी कि वे भारत के साथ किये गये करार को तोड़ सकते हैं, यदि लंका में भारतीय उद्भव के नागरिकों के प्रश्न का कोई दूसरा हल निकल ग्राये; ग्रौर

(ख) यदि हां, तो क्या सरकार पारस्परिक समझौते के द्वारा इस समस्या को निबटाने के लिये कोई दूसरा हल ढुंढ़ने का प्रयत्न कर रही है ?

वैदेशिक कार्य मंत्री के सभासचिव (श्री सादत अली खां) : (क) तथा (ख) श्रीलंका की प्रतिनिधि सभा में कई बयान दिये गये हैं, जिन से कोई मदद नहीं मिलती। चूंकि अभी इस मामले पर श्रीलंका के प्रधान मंत्री से लिखा पढ़ी हो रही है, इसलिये इस विषय पर कुछ कहना नामुनासिब होगा।

श्री एम० एल० द्विवेदी : मैं यह जानना चाहता हूं कि लंका के प्रधान मंत्री सर जान कोटलेवाला ने ग्रब यह कहा है कि ग्रगर इस

बारे में कोई दूसरा सुझाव हो, तो वह इस को मानेंगे, तो क्या लंका से कोई दूसरा सुझाव भारत सरकार के पास आया है, जिस पर भारत सरकार विचार कर रही है ?

श्री सादत अली खां : मैं ने अभी अर्ज किया है कि इस मामले में खतो-किताबत हो रही है । इस से आगे मैं कुछ नहीं कह सकता हूं ।

श्री एम० एल० द्विवेदी : यह वार्ता—यह खतो-किताबत जो चल रही है, कब तक उस की पूरी हो जाने की आशा है ?

श्री सादत अली खां : इस का इन्हिसार तो हालात पर है—जैसे हालात होंगे, उन्ही के मुताबिक वह हो जायेगी ।

डा० सुरेश चन्द्र : क्या यह सच है कि लंका के हिन्दुस्तानियों की तरफ से कोई दरख्वास्त गवर्नमेंट के पास आई है कि वे स्वयं इस को हल करना चाहते हैं ?

श्री सादत अली खां : नहीं, ऐसी कोई दरख्वास्त नहीं आई है ।

Shri Kamath: Is it a fact that the Ceylon Prime Minister declared in the Ceylon Parliament recently that the presence of Indians in such large number in Ceylon constitutes a bigger danger than British imperialism, and that he suggested further that people of Indian origin in Ceylon might be settled in British Borneo, and if so, whether this does not constitute an unhelpful attitude for further negotiations?

Shri Sadath Ali Khan: These reports have appeared in the Press and I have certainly seen them. As I said earlier, their attitude has so far not been very helpful.

Shri Kamath: Is it a fact that the Government of Ceylon has rejected a vast percentage of these applications of Indian citizens merely in default because the enquiry notice calling them for interview did not reach these Indians in time?

Shri Sadath Ali Khan: This is a well-known fact and has been repeated in this House many a time.

Shri Kamath: I was not here then.

Shri Kajrolkar: May I know whether it is a fact that the Prime Ministers of India and Ceylon are meeting shortly to resolve this problem ?

Shri Sadath Ali Khan: There is no question of meetings. As I said earlier, correspondence is going on between the two Prime Ministers.

Shri Kasliwal: May I know whether Government have received any detailed report as to what exactly the Prime Minister of Ceylon is alleged to have said in the Ceylon House of Representatives?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): Obviously any announcement made in the Ceylonese Parliament is reported to us by our High Commissioner.

श्री एम० एल० द्विवेदी : क्या यह सच है कि सिलोन पार्लियामेंट में कुछ मेम्बरों ने कहा कि जो भारतीय लंका में घुसेंगे, उन को गोली से उड़ा दिया जायेगा । इस में कहां तक सचाई है और इस विषय में सरकार ने क्या एन्क्वायरी की है ?

श्री सादत अली खां : ये सिर्फ बातें हैं—धुंआधार तकरीरें हैं—, जो होती ही रहती हैं ।

Shri Kamath: Has Government any information as to the number of persons of Ceylonese origin in India and how many of them have applied for Indian citizenship ?

Shri Sadath Ali Khan: I want notice.

Oil Refineries

*1189. **Shri Barman:** Will the Minister of **Production** be pleased to state:

(a) whether any Indian had been associated in designing and planning of any of the Oil Refineries which have so far been established in India; and

(b) if not, the steps that are being taken to train Indians for designing and planning of this Industry ?

The Deputy Minister of Production (Shri Satish Chandra): (a) No.

(b) If and when a suitable opportunity arises in future, the question of training Indian nationals in the designing and planning of oil refineries will be borne in mind.

Shri Barman: May I know whether there was any attempt made by Government at the time when the two oil refineries were installed in India at Trombay to see that our men also are associated in designing and planning work ?

Shri Satish Chandra: The refineries belong to foreign companies in the private sector. They had been designed already in U.S.A. and U.K. when they were licensed, the clause incorporated in the agreement provided for training in refinery operations and also the technological training while they were being set up. Indians could not be associated in designing and planning of these refineries.

Shri Barman: Is it a fact that due to new oil finds in Assam and other places. and also the prospect of having oil in the Bengal Basin, there is need for installing any new refineries ? Is it contemplated to open new refineries ?

The Minister of Production (Shri K. C. Reddy): A proposal made by the Government of Assam in this connection is under the consideration of the Planning Commission and the Government of India.

Shri K. K. Basu: In view of the fact that Government is putting up quite a number of refineries, does Government propose to associate Indians even from the designing stage ? Otherwise, every time we will have to depend upon foreign experts.

Shri Satish Chandra: This is a highly technical job. Indians have got no experience even in refinery operations. Now they will gain some technological experience in refinery operations and its construction and it may be possible for them to learn designing in the future.

Shri Barman: I have also to ask a similar question. In view of the fact that there is the prospect of having another oil refinery in view of the new finds of oil in Assam and in the Bengal basin is it proposed at the time when the new refinery will be installed that an attempt should be made from our side to have in the agreement a term saying that our men should be associated from the beginning to the end of the installation ?

Shri Satish Chandra: I have already said that it will be borne in mind.

International Secretariat, Indo-China

***1190. Shri D. C. Sharma:** Will the **Prime Minister** be pleased to state :

(a) the number of Indians working in the International Secretariat in Indo-China ; and

(b) how many of these are civilians ?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan) : (a) 801.

(b) 92.

श्री डी० सी० शर्मा : क्या मंत्री जी यह बतलाने की कृपा करेंगे कि चूंकि वहां पिछले दिनों कुछ उपद्रव हुए थे इसलिये जो हमारे हिन्दुस्तानी भाई वहां हैं क्या उन की जान माल की हिफाजत के लिये पूरा प्रबन्ध कर दिया गया है ?

श्री सादत अली खां : यकीनन, और वह सब खैरियत से हैं ।

श्री डी० सी० शर्मा : क्या माननीय मंत्री यह बताने की कृपा करेंगे कि यह जो हमारे फौजी और सिविलियन भाई वहां गये हुए हैं ये कब तक लौटेंगे और आज कल वह किस काम पर नियुक्त हैं ?

श्री सादत अली खां : यह बताना तो मुश्किल है कि वह कब तक लौटेंगे । मगर उन में से बाज आते जाते रहते हैं ।

Dr. Suresh Chandra : How many of the civilians who are there in the International Secretariat know the language of the country to which they are sent ?

The Deputy Minister of External Affairs (Shri Anil K. Chanda) : For all practical purposes, French is the official language in those regions and as far as possible we have sent out officers who have knowledge of French.

श्री डी० सी० शर्मा : मैं यह जानना चाहता हूं कि सरकार इन पर कितना खर्च कर रही है और क्या इन को वहा काम करने के लिये कोई खास एलाउंस दिया जाता है ?

Shri Sadath Ali Khan : I need notice.

Dr. Rama Rao : Recently some of our personnel there were attacked in Saigon. What was the compensation given ?

Shri Sadath Ali Khan : That is another question for which I will need notice.

Chaudhuri Muhammed Shaffee : What special facilities have been given to these officials and personnel ?

Shri Sadath Ali Khan : These officers come under the next question. Or under this question ?

Mr. Deputy-Speaker : Under this question.

Shri Anil K. Chanda : They are provided with free quarters and free food and certain other allowances are also given.

Village Level Workers

*1194. **Shri Bhagwat Jha Azad :** Will the Minister of **Planning** be pleased to state:

(a) whether any assessment has been made of the approximate strength of the village level workers required to implement the Community Project programme in the Second Five Year Plan ; and

(b) if so, the steps that are being taken to train them ?

The Deputy Minister of Planning (Shri S. N. Mishra) : (a) Yes, Sir.

(b) In addition to continuing the existing training facilities it is proposed to establish 18 additional Extension Training Centres and 41 Basic Agricultural Schools/Wings to meet the requirements of Second Five Year Plan period.

Shri Bhagwat Jha Azad : In answer to part (a) of the question, hon. Minister said 'yes'. May we know the approximate strength that is required during this period ?

Shri S. N. Mishra : To meet the requirements of 3,800 blocks that we are going to have in the country during the Second Five Year Plan period, we will require 38,000 village level workers.

Shri Bhagwat Jha Azad : In recruiting these people, do the Government see that they are posted in the same area from where they are coming ?

Shri S. N. Mishra : I do not get the exact idea about the area but generally people who are conversant with the habits of the inhabitants or the dialects of that area are placed in those areas ; it may not be exactly in the area in which his village is situated.

Shri Thimmaiah : May I know the total number of village level workers trained so far ?

Shri S. N. Mishra : There were probably 7,000 and a few more in position till March 1955.

Shri Kasliwal : May I know whether the courses which are bein prescribed for these village level workers are being prescribed by the State Governments or by the Central Government, and if they are being prescribed by the State Governments whether these courses vary from State to State ?

Shri S. N. Mishra : No, Sir. Generally the courses do not vary, but taking into account the nature of the programme which may be undertaken in different areas, there might be a slight variation but generally they do not vary.

Shrimati Sushama Sen : May I know how many women workers are being trained out of these, 7,000 ?

Shri S. N. Mishra : I cannot give that number ; I am sorry.

ऊन कातने का चर्खा

*११९५. **श्री भक्त दर्शन** : क्या उत्पादन मंत्री ७ मार्च, १९५५ को दिये गये तारांकित प्रश्न संख्या ९१९ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) क्या अखिल भारतीय खादी तथा ग्रामोद्योग बोर्ड ने सूत कातने के चर्खे की भांति ऊन कातने के अच्छे चर्खे का आविष्कार करने वाले को उचित पारितोषिक देने के सुझाव पर विचार किया है; और

(ख) यदि हां, तो इस विषय में क्या निर्णय किया गया है ?

उत्पादन मंत्री के सभासचिव (श्री आर० जी० दूबे) : (क) जी हां।

(ख) बोर्ड ने इस समय यही निर्णय किया है कि ऊन कातने वाले चर्खे में सुधार करने के लिये पारितोषिक देने की घोषणा करने की आवश्यकता नहीं है क्योंकि इस सम्बन्ध में विदेशों में कुछ परिक्षणों के फल स्वरूप अच्छे प्रकार के चर्खे का आविष्कार हो चुका है।

श्री भक्त दर्शन : क्या गवर्नमेंट के ध्यान में यह बात आयी है कि कई दशाब्दियों पहले तक कई हजार कारीगर इस क्षेत्र में कार्य कर रहे थे और चूंकि कताई की प्रणाली में कोई

सुधार इस बीच नहीं हुआ है इसलिये उनकी संख्या दिनों दिन गिरती जा रही है ? इसलिये इस विषय पर ध्यान देने की आवश्यकता है ।

श्री आर० जी० दूबे : हाल में इस बारे में खादी बोर्ड की बैठक हुई थी और इस सूचना पर विचार किया गया था और यह तय हुआ कि इटली और इंगलड में इम्प्रूवड डिजाइन चर्खे मौजूद ह, उन्हीं पर यहां कुछ प्रयोग किया जायगा । और साथ ही साथ जो खादी बोर्ड के इंचार्ज हैं उन को यह काम सोंप दिया गया है कि व इस प्रयोग को अलग अलग एटमासफरिक कंडीशन्स में करावें ।

श्री भक्त दर्शन : क्या मैं जान सकता हूं कि यह निर्णय करने से पहले खादी बोर्ड ने उन लोगों से भी परामर्श किया था जो कि ऊन कताई के काम में विशेषज्ञ हैं और इस काम को कई वर्षों मे करते चले आ रहे हैं ?

श्री आर० जी० दूबे : मैं समझता हूं कि जो लोग इस प्रोफशन में हैं उन के साथ कुछ सोच विचार किया गया होगा, लेकिन जब आनरेबल मेम्बर कहते हैं तो इस पर सोच विचार किया जायेगा ।

इथियोपिया के राजा की यात्रा

*११९६. **श्री रघुनाथ सिंह** : क्या **प्रधान मंत्री** यह बतलाने की कृपा करेंगे कि :

(क) क्या यह सच है कि इथियोपिया के सम्राट महामहिम हेल सिलासी का विचार अगले वर्ष भारत की यात्रा करने का है; और

(ख) यदि हां, तो उन की यात्रा का प्रयोजन क्या है ?

वैदेशिक कार्य उपमंत्री (श्री अनिल के० चन्दा) : '(क) जी हां ।

(ख) उन की यात्रा का उद्देश्य भारत और इथोंपिया के मौजदा भाईचारे और दोस्ती के सम्बन्धों को मजबत बनामा है ।

श्री रघुनाथ सिंह : उन के आने का शिड्यूल्ड टाइम क्या है ? क्या मैं जान सकता हूं ?

श्री अनिल के० चन्दा : उसका पूरा विवरण अभी तक नहीं मिला है ?

श्री रघुनाथ सिंह : हमारी तरफ से उन के स्वागत का क्या खास इन्तिजाम हो रहा है ?

श्री अनिल क० चन्दा : जो कुछ करना चाहिये वह किया जा रहा है ।

Shri Matthen: May I know if the hon. Minister is aware that there is a Church n South India, in Travancore-Cochin State, with which the Ethiopian Church has got complete communion and His Imperial Majesty has got very high regards for this Church ?

Mr. Deputy Speaker: What is that for

An Hon. Member : It is not a question.

Shri Matthen : It is about Question No. 1196.

Mr. Deputy-Speaker : The question is about the visit of His Majesty, the Emperor of Ethiopia. Hon. Member is giving some information regarding some Church in South India.

Shri Matthen : His interest in this country is shown by it.

Mr. Deputy-Speaker : Anyway, the question hour is over.

CORRECTION OF ANSWER TO STARRED QUESTION NO. 1164.

***The Deputy Minister of Production (Shri Satish Chandra):** Sir, with your permission I would like to correct an answer that I gave to a supplementary question by Shri Ram Chandra Reddi. I said that the quality control is being exercised on unlicensed dealers also. That is not correct.

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*Please see fortnotes below cos. No. 4140 or 4141

WRITTEN ANSWERS TO QUESTIONS

Foreign Trade

***1162. Shri M. R. Krishna :** Will the Minister of **Commerce and Industry** be plased to state whether it is a fact that Government propose to set up a Central Committee representing various business interests in the country to ensure better trade relations with foreign countries ?

The Minister of Commerce (Shri Karmarkar) : No, Sir.

Surplus Food Stuffs

***1163. Shri Dabhi :** Will the Minister of **Works, Housing and Supply** be pleased to state :

(a) whether it is a fact that a quantity of frozen meat left over by the Americans and valued at Rs. 62,800 was reported to the Regional Disposals Organization in November, 1947, and a further quantity of meat and ice cream valued at Rs. 10,500 in May, 1948, and that they were stocked in a depot for which Government paid cold storage charges at Rs. 8,700 per month and were finally destroyed in December, 1948 ; and

(b) if so, whether the responsibility for this has been fixed ?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): (a) Yes, Sir.

(b) A statement explaining the position is placed on the Table of the Sabha [*See* Appendix VII, annexure No. 9].

Rehabilitation of Displaced Persons

***1165. Shri Krishnacharya Joshi:** Will the Minister of **Rehabilitation** be pleased to state :

(a) the steps proposed to be taken by Government to rehabilitate the displaced persons from the Pakistan-held territory of Jammu and Kashmir State ; and

(b) the total amount of loan advanceed to the Jammu and Kashmir Government so far for this purpose ?

The Minister of Rehabilitation (Shri Mehr Chand Khanna): (a) and (b). Rehabilitation of displaced persons from the Pakistan held territory of Jammu and Kashmir State has been in progress for the last few years. A sum of about Rs. 3x11 crores has so far been spent on their relief and rehabilitation. As a result of the decisions taken in a recent, Conference held in Srinagar between the Prime Minister, Jammu and Kashmir and the Union Rehabilitaton Minister, it is proposed to spend another sum of about Rs. 80·00 lakhs on rehabilitation and housing schemes.

Steel Imports

***1166. Shri Bibhuti Mishra :** Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether it is proposed to import steel for Railways requirements in 1955-56 ;

(b) if so, the quantity of steel to be imported ;

(c) its value in Indian currency; and

(d) the names of the countries from where it will be imported ?

The Minister of Industries (Shri Kanungo) : (a) Yes, Sir.

(b) About 200,000 tons.

(c) Rs. 13 crores approximately.

(d) Japan, U. K., Belgium , France Czechoslovakia, U.S.S.R., U.S.A. and Germany.

National Development Council

***1169. Shri S. C. Samanta :** Will the Minister of **Planning** be pleased to state :

(a) the names of the States which have accepted and implemented the recommendations of the National Development Council for increasing their resources for development ; and

(b) the names of the States who have not yet accepted such recommendations ?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) and (b). At the meeting of the National Development Council on the 6th May, 1955, Chief Ministers of States agreed to undertake a review of the recommendations made by the Taxation Enquiry Commission on States and local finances and to send suggestions regarding the Commission's proposal for Central revenues and also in regard to intensification of savings, including schemes for compulsory savings, if necessary. The views of most of the Chief Ministers have been received and are now being studied in the Planning Commission. There is, therefore, no question of naming States which have accepted or have not accepted recommendations of the National Development Council for increasing resources for development.

Soap

*1172. **Pandit D. N. Tiwary :** Will the Minister of **Commerce and Industry** be pleased o refer to the reply given to Starred Question No. 819 on the 13th September, 1954 and state :

(a) whether any attempt has been made to find out the causes of the low consumption of soap in the country ; and

(b) whether the consumption of soap has gone down even below the prewar level ?

The Minister of Industries (Shri Kanungo) : (a) Yes, Sir. But I must add that since the answer was given on the 13th September last I had an opportunity of verifying the figure of production in the cottage sector. It is now estimated that consumption of caustic soda in the cottage sector should be 6800 tons for 1954. On that basis the production in the cottage sector should be at least sixteen times that figure or 108,000 tons and the total soap production 196,000 tons.

(b) No, Sir.

Coal

*1174. **Dr. Ram Subhag Singh :** Will the Minister of **Production** be pleased to refer to the reply given to Starred Question No. 2507 on the 22nd April, 1955 and state :

(a) whether any scheme has since been prepared for Coal Production during the Second Five Year Plan period ;

(b) if so, the annual target of Coal production under this scheme; and

(c) what facilities, technical and otherwise, will be given to coal industry under it ?

The Minister of Production (Shri K. C. Reddy): (a) to (c). It has been proposed in consultation with the Planning Commission that the target of production by the end of the Second Five Year Plan should be 60 million tons of coal annually. To achieve this object, considerable expansion of mining operations both in the public as well as the private sector will be necessary. Various steps to be taken, including facilities to be given to the private sector, are now engaging the attention of the Government.

Ganga Barrage

*1176. **Shrimati Ila Palchoudhury :** Will the Minister of **Irrigation and Power** be pleased to refer to the reply given to Starred Question No. 1829 on the 2nd April, 1955 and state whether any further progress has since been made for starting the construction of the Ganga Barrage ?

The Deputy Minister of Irrigation and Power (Shri Hathi) The scheme is under examination at present. It is still not possible to say when the construction of the Ganga Barrage is likely to commence.

Plywood

*1177. **Shri A. K. Gopalan** : Will the Minister of **Commerce and Industry** be pleased to state :

(a) the reasons for the increase in the import quota of plywood from dollar areas ; and

(b) the impact of this increase on the plywood manufacturing industry in the country, especially in Malabar (Madras) ?

The Minister of Commerce (Shri Karmarkar) : (a) Plywood falls under Serial No. 42(b) Part V of the Import Trade Control Schedule and no import of this item is allowed. There has been an increase in quota for ornamental and decorative veneers also falling under this item.

(b) Does not arise.

Kosi Project

*1179. **Shri A. N. Vidyalankar :** Will the Minister of **Irrigation and Power** be pleased to refer to the reply given to Starred Question No. 632 on the 10th August, 1955 and state :

(a) whether it is a fact that some portion of the newly built Kosi embankment has been washed away in the recent floods ; and

(b) if so, the approximate loss, including the loss of material or machinery ?

The Deputy Minister of Irrigation and Power (Shri Hathi) : (a) No, Sir.

(b) Does not arise.

Trade Marks

*1180. **Shri M. Islamuddin :** Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether it is a fact that the Government of India have issued a directive to the U.P. Government to take strong measures to check the infringement of trade marks on the sale of spurious goods ; and

(b) if so, the number of cases of infringement of trade marks detected so far, indicating separately the cases of spurious drugs, food stuffs and other consumer goods ?

The Minister of Commerce (Shri Karmarkar): (a) Yes, Sir.

(b) More precise and detailed information is being collected by the Uttar Pradesh Government and will be laid on the Table of the House.

Export of Buffalo Horns

***1182. Shri N. B. Chowdhury :** Will the Minister of **Production** be pleased to state :

(a) whether buffalo horns are being exported at present ;

(b) whether Government have received any complaint from the persons engaged in the comb-making industry about the shortage of buffalo horns in the country ; and

(c) whether Government propose to help the artisans engaged in comb-making, by way of providing loans and preventing monopolistic trade in buffalo horns ?

The Parliamentary Secretary to the Minister of Poduction (Shri R. G. Dubey) : (a) According to existing trade classification buffalo horn is not separately shown in export trade statistics. This is, however, included in the item " Hoffs, horns, tips and pieces of horns " for which no export restriction exists.

(b) No, Sir.

(c) Government will consider any concrete proposals received from a State Government or private corporate institutions engaged in Comb-making from buffalo horns.

Indianisation in Tea Plantations

***1183. Shri N. M. Lingam** : Will the Minister of **Commerce and Industry** be pleased to state :

(a) the number of Indians and non-Indians employed in Tea plantations in the managerial posts on the 1st January 1947 and on the 1st January, 1955 ; and

(b) the efforts made by Government to accelerate the pace of Indianisation of services in this industry ?

The Minister of Commerce (Shri Karmarkar) : (a)

	Indians	Non-Indians
1-1-1947	101	941
1-1-1955	477	937

(b) In a matter of this nature it would be difficult to categorise the efforts made by Government. But the concerned intrests are aware of Governments wishes in this matter.

Handloom Cloth

***1186. Shri S. V. L. Narasimham :** Will the Minister of **Commerce and Industry** be pleased to state :

(a) the total amount of rebate on the sales of handloom cloth paid to the Handloom Co-operatives or to master weavers in Andhra so far ;

(b) the number of handlooms benefited by the grant of rebate and the proportion it bears to the total number of handlooms in the State; and

(c) whether any complaints have been received regarding faked production and sale entries of the handloom cloth ?

The Minister of Industries (Shri Kanungo) : (a) Rs. 9,86,891/8/- during the year 1954-55.

(b) 1,22,407 representing 45 per cent of the total number of looms in the State.

(c) Certain malpractices have been brought to the notice of the All-India Handloom Board, which are being looked into.

Steel Products

***1187. Mulla Abdullabhai :** Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether it is a fact that Government have decided to import 'billet' and ' joist' from Czechoslovakia ;

(b) if so, the approximate tonnage of the metals for which orders have been placed and the value thereof ; and

(c) whether Government also propose to import steel from any other country ?

The Minister of Industries (Shri Kanungo) (a) Yes, Sir.

(b) About 8,000 tons Billets and 3,000 tons Joists for a total value of Rs. 56·40 lakhs.

(c) Yes, Sir. Government are importing steel from whichever source it is available at competitive prices.

Residential Accommodation

***1188. Shri Veeraswamy :** Will the Minister of **Works, Housing and Supply** be pleased to refer to the reply given to Unstarred Question No. 1103 on the 27th April, 1955 and state :

(a) whether a decision to reduce the rent of double-roomed chummeries in the Lodi Colony has since been taken ;

(b) if so, the revised rent fixed; and

(c) the date from which it will be effective ?

The Minister of Works, Housing and Supply (Sardar Swaran Singh) : (a) to (c). The question has been examined and it has been found that there is no justification for reducing the rent of the double roomed chummeries in Lodi Colony New Delhi.

Alkalies Prices

***1191. Shri M. R. Krishna :** Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether it is a fact that most of the industries like, Soap, Rayon, Aluminium and textiles have represented to Government for a reduction in the prices of alkalies ; and

(b) if so, whether any assistance has been given to the private sector to set up factories to produce alkalies like Soda ash etc. with a view to bringing down the present prices ?

The Minister of Industries (Shri Kanungo) : (a) No, Sir. Only casual complaints about the prices of caustic soda and soda ash from certain small producers of soap and glass were received.

(b) Yes, Sir. A number of schemes for creating additional capacity for caustic soda and soda ash have been licensed under the Industries (Development and Regulation) Act. As implementation of these schemes would take some time, Government took certain measures as a result of which these items are now available to actual users at reasonable prices.

Khadi

***1192. Shri Dabhi :** Will the Minister of **Production** be pleased to refer to the reply given to Starred Question No. 1800 on the 2nd April, 1955 and state the steps since taken by Government to provide penal provisions for the offence of sale of spurious Khadi ?

The Parliamentary Secretary to the Minister of Production (Shri R. G. Dubey) : The matter is under the consideration of the Government.

Handloom Cloth

***1193. Shri Bibhuti Mishra** Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether it is a fact that Government propose to reduce the limit of minimum rebate on purchase of handloom cloth from rupees two to one ; and

(b) if so, from what date ?

The Minister of Industries (Shri Kanungo): (a) and (b). Government have no such proposal under consideration.

Fertilizer Factory at Alwaye

***1197** { **Shri S. C. Samanta :**
Shri Veeraswamy :

Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Starred Question No. 2642 on the 27th April, 1955 and state :

(a) whether it is a fact that Messrs. Fertilizers and Chemicals of Travancore have completed the erection of a new Ammonium Chloride Plant in the Alwaye Factory ;

(b) if so, its estimated annual production capacity ;

(c) whether it will be able to meet the country's current and future requirements ; and

(d) if so, the help Government propose to give them ?

The Minister of Industries (Shri Kanungo) : (a) Yes, Sir.

(b) About 8000 per annum.

(c) Yes, Sir ; for the present and as regards future it will depend on the demand for Ammonium Chloride.

(d) Does not arise.

Urea Plant at Sindri

***1198. Dr. Ram Subhag Singh :** Will the Minister of **Production** be pleased to state :

(a) whether work has started on the construction of the Urea Plant at Sindri (Bihar) ; and

(b) when the construction work will be completed ?

The Minister of Production (Shri K. C. Reddy) : (a) Preliminary work in connection with the erection of the Urea Plant has been completed. Actual construction work is expected to commence shortly.

(b) It is expected to be completed by the end of 1957.

Central Marketing Organisation

***1199. Shri M. Islamuddin** : Will the Minister of **Commerce and Industry** be pleased to state whether a Central Marketing Organisation for Cottage and Small Scale Industries has been set up for carrying out systematic research, in accordance with the recommendations contained in the Report of the Survey of Retail Markets of Handmade and Small Scale manufactured goods conducted by the Bureau of Industrial Statistics, at the request of Government ?

The Minister of Industries (Shri Kaungo): The Government of India have decided to set up a Division in the National Small Industries Corporation to undertake a survey of marketing activities for the products of small scale industries. The purpose of the survey conducted by the Bureau of Industrial Statistics, Calcutta, was to collect statistical information for the use of the Ford Foundation International Planning Team in planning a programme for the development of cottage and small scale industries

छोटे चलचित्र

***१२००. श्री एम० एल० द्विवेदी** : क्या सूचना और प्रसारण मंत्री यह बताने की कृपा करेंगे कि :

(क) कलकत्ता, बम्बई और दिल्ली में चलचित्र (फिल्म्स्) डिवीजन की ओर से चलचित्रों के मैटनी प्रदर्शन का जो आयोजन किया जा रहा है उस का प्रबन्ध पूरा हो गया है;

(ख) यदि हां, तो उस में किस प्रकार के चलचित्रों का प्रदर्शन किया जायेगा;

(ग) प्रदर्शन-गृहों के मालिकों से जो करार किया गया है उस की रूपरेखा क्या है;

(घ) क्या लाभ में सरकार का हिस्सा रहेगा; और

(ङ) यदि हां, तो कितना ?

सूचना और प्रसारण मंत्री (डा० केसकर) : (क) प्रबन्ध करने के बारे में बातचीत चल रही है ।

(ख) डाक्युमन्टरी चित्र और समाचार पत्रिकायें ।

(ग) से (ङ). प्रश्न नहीं उठते ।

Displaced Persons From Pakistan

*1201.
Shri D. C. Sharma :
Shri K. P. Sinha :
Shri Krishnacharya Joshi :
Shri B. K. Das :
Shri R. K. Choudhuri :
Dr. Ram Subhag Singh :
Shri Raghunath Singh :

Will the Minister of **Rehabilitation** be pleased to state :

(a) whether there has been recently an increased influx of displaced persons from East Bengal ; and

(b) if so, the estimated number of persons who have crossed the border during the period from March to July, 1955?

The Minister of Rehabilitation (Shri Mehr Chand Khanna) : (a) Yes.

(b) 1,20,622 displaced persons.

घानी तेल उद्योग

***१२०२. श्री भागवत झा आजाद** : क्या उत्पादन मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या सरकार ने १९५४–५५ और १९५५–५६ में अभी तक अखिल भारतीय खादी और ग्रामोद्योग बोर्ड को विशेष रूप से गांव के घानी तेल उद्योग के विकास के लिये कोई अनुदान या ऋण स्वीकार किया है; और

(ख) इस योजना के अन्तर्गत कितनी घानियां स्थापित की गई हैं, या की जाने वाली हैं ?

उत्पादन उपमंत्री (श्री सतीश चन्द्र) : (क) जी हां ।

(ख) सन् १९५३–५४ से ६५७ उत्तम प्रकार की घानियां लगाई गई हैं । लगभग ११०० घानियां इस वर्ष और भी लगाने का विचार है ।

Export Promotion Council

*1203. **Shri M. Islamuddin** : Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether it is a fact that Government propose to set up an Export Promotion Council for vegetable oils and oilcakes;

(b) if so, when it will be set up ; and

(c) the functions of the above Council ?

The Minister of Commerce (Shri Karmarkar) : (a) No, Sir.

(b) and (c). Do not arise.

Uranium Ore

619. **Shri D. C. Sharma** : Will the **Prime Minister** be pleased to state the approximate value of the Uranium Ore deposits discovered in India in 1954-55 ?

The Prime Minister and Minister of Externl Affairs (Shri Jawaharlal Nehru) : Uranium ore deposits discovered during the year 1954-55 are mostly of low grade. Necessary exploratory work, including drilling is being carried out to prove their extent. It is, therefore, not possible at this stage to assess the value of uranium ore availabe from these deposits.

Cement Factories

620. **Shri Ibrahim** : Will the Minister of **Commerce and Industry** be pleased to state :

(a) the number of cement factories working at present in the country Statewise; and

(b) the total capital invested in this industry at present ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : (a) and (b). A statement is attached [*See* Appendix VII, annexure No. 10].

Hindi Publications

621. **Shri Ibrahim** : Will the Minister of **Commerce and Industry** be pleased to state the number of publications issued in Hindi by his Ministry and the extent of their circulation ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : There is one publicaton issued in Hindi and it is the Hindi Journa. Udyog Vyapar Patrikal 3200 copies of the July issue were printed and circulated.

Rehabilitation of Displaced Persons

622. **Shri Ibrahim** : Will he Minister of **Rehabilitation** be pleased to state the total amount spent so far on the rehabilitation of displaced persons in Bihar ?

The Minister of Rehabilitaton (Shri Mehr Chand Khanna) : (In lakhs of Rs.).

242·68 upto 31-3-1955.

Sale Centres and Emporia

623. **Shri Gidwani** : Will the Minister of **Production** be pleased to state :

(a) the number of sales centres, emporia, and *bhandars* run by the All-India Khadi and Village Industries Board;

(b) the total sale proceeds of these centres, emporia and *bhandars* during the year 1954-55 ; and

(c) the net profit from these centres ?

The Minister of Producton (Shri K. C. Reddy) : (a) to (c). A statement is laid on the Table of the House [*See* Appendix VII, annexure No. 11].

Bengal Motion Picture Association

624. **Shri K. P. Sinha** : Will the Minister of **Information and Broadcasting** be pleased to state :

(a) whether it has come to the notice of Government that the Bengal Motion Picture Association is facing great difficulties due to stoppage of film rentals from East Pakistan; and

(b) whether Government have received any representation from the Association in this connection ?

The Minister of Information and Broadcasting (Dr. Keskar) : (a) and (b). Yes, Sir. The question of import of Indian films into Pakistan was discussed during the Indo-Pakistan Trade Talks held recently in Karachi. Agreement reached on this question is awaiting ratification by the respective Governments.

समाचार पत्र

६२५. सेठ गोविन्द दास : क्या सूचना और प्रसारण मंत्री यह बताने की कृपा करेंगे कि काश्मीर में कितने दैनिक और साप्ताहिक समाचार पत्र प्रकाशित होते हैं ?

सूचना और प्रसारण मंत्री डा० कसकर: तीन दैनिक और चौदह साप्ताहिक ।

Delegations Abroad

626. { **Choudhri Muhammed Shaffee :**
Shri Krishnacharya Joshi :
Shri B. C. Das :
Sardar Iqbal Singh :

Will the **Prime Minister** be pleased to state :

(a) the number of official and non-official delegations which have gone abroad since January, 1955 ;

(b) the number and the names of members of each delegation, Statewise, and the names of the countries they visited;

(c) the total amount spent on these delegations; and

(d) whether they have submitted any report about their visit ?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : (a) to (d). Information is being collected and will be placed on the Table of the House in due course.

Journalists' Delegations

627. Chaudhry Muhammed Shaffee : Will the **Prime Minister** be pleased to state :

(a) the number of the foreign Journalists' Delegations which visited India since the 1st May 1955 with their nationalities and the names of the places visited by them in India ;

(b) the number of the Indian Journalists' Delegations which visited foreign countries since the 1st May, 1955 and the names of the countries visited by them ; and

(c) the amount spent on these incoming and outgoing delegations ?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : (a) One Syrian Journalists' Delegation came to India and visited New Delhi, Agra, Bhakra, Nangal, Hardwar, Dehra Dun, Mussorie and Srinagar.

(b) None.

(c) About Rs. 7,000.

मध्य भारत को ऋण

*६२८. **श्री अमर सिंह डामर** : क्या वाणिज्य और उद्योग मंत्री यह बतान की कृपा करेंगे कि :

(क) क्या यह सच है कि सरकार ने १९५३–५४ में मध्य भारत के कुछ उद्योगों को ऋण दिया है;

(ख) यदि हां, 'तो किन किन उद्योगों को ;

(ग) प्रत्येक को कितनी धन राशि दी गई है; और

(घ) किस आधार पर उद्योगों का चुनाव किया गया था ?

वाणिज्य और उद्योग तथा लोहा और इसपात मंत्री (श्री टी० टी० कृष्णमाचारी) :
(क) जी हां ।

(ख) से (घ) एक विवरण संलग्न है [देखिये परिशिष्ट ७ अनुबन्ध संख्या १२]

Migration of Hindus to Pakistan

629. Shri Krishnacharya Joshi: Will the **Prime Minister** be pleased to state the total number of Hindus who went to Pakistan from India for permanent settlement there during the year 1954-55 ?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : The information is being collected. It will be placed on the Table of the House as soon as it is received.

Indians Abroad

630. Shri Matthen : Will the **Prime Minister** be pleased to state the number of persons of Indian origin at present residing in the United Kingdom

Canada, Australia, New Zealand and the United States, who have acquired local nationality and those who remain non-nationals of those countries retaining the Indian nationality ?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : It is exceedingly difficult and hardly possible, without very great labour, to collect all the information required by the Honourable Member. Government of India have no record of the total number of persons of Indian origin residing in these countries who have acquired the nationality of the country of their residence. For the time being it can only be said that those who have Indian passports, or have registered themselves with Indian Missions in these countries, can be considered to be Indian Nationals definitely.

Cinematograph Act, 1952

631. **Sardar Iqbal Singh :** Will the Minister of **Information and Broadcasting** be pleased to state :

(a) the number of cases in which penalties under Section 7 of the Cinematograph Act, 1952 were imposed during 1954-55 and 1955-56, so far ;

(b) the authority which imposed the penalties ; and

(c) in how many cases additional fines for continued offence were imposed ?

The Minister of Information and Broadcasting (Dr. Keskar): (a) to (c). The information is being collected from the State Governments and will be laid on the Table of the House.

Tea

632. **Shri Kamath :** Will the Minister of **Commerce and Industry** be pleased to state :

(a) the names of the various Trade Marks of tea and their quantity exported from India during 1954-55 ;

(b) the total production of each of those kinds during 1954-55 ; and

(c) the export price of each of those kinds during the years 1952-53, 1953-54 and 1954-55 ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) to (c). Information is being collected and will be placed on the Table of the House.

Handloom Industry

633. **Shri Dasaratha Deb :** Will the Minister of **Commerce and Industry** be pleased to state :

(a) the steps taken so far to improve the Handloom Industry in Tripura State; and

(b) the arrangements made to supply the requisite quantity of yarn (thread) at a control rate to the hill tribes who possess the handlooms ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari : (a) A statement showing the grants and loans sanctioned in the years 1953-54 and 1954-55 for the development of the handloom industry in the State is attached [*See* appendix VII, annexure No. 13]

(b) There is no control on the price and distribution of yarn and the State Government report that yarn is freely available. No special arrangements are therefore necessary.

Publicity for Five Year Plan

634. **Shri S. V. L. Narasimham :** Will the Minister of **Information and Broadcasting** be pleased to state :

(a) the number of scripts of dramas received and approved during 1954-55 and 1955-56 so far in Telugu, Tamil, Kanarese and Malayalam for popularising the First Five Year Plan ;

(b) how many of these were approved in each of the above languages ; and

(c) who is the approving authority ?

The Minister of Information and Broadcasting (Dr. Keskar) (a) Number of scripts received :

	1954-55	1955-56
Telugu	1	2
Tamil	2	4
Kanarese	3	3
Malayalam	1	1

(b) Only two have been approved ; one in Malayalam and the other in Kanarese. Out of the remaining one is under consideration and the others have been rejected.

(c) The final authority is Secretary to the Government of India, Ministry of Information and Broadcasting.

State Trading

635. **Shri M. Islamuddin :** Will the Minister of **Commerce and Industry** be pleased to state the names of the articles in which State Trading is allowed at present ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): Silk, Fertilizers, Food grains and imported sugar.

फिलस्तीन में शरणार्थियों की सहायता

*६३६. **श्री के० सी० सोधिया** : क्या प्रधान मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि भारत सरकार फिलस्तीन में शरणार्थियों की सहायता के लिये कुछ धनराशि प्रतिवर्ष दान देती है; और

(ख) यदि हां, तो वह धनराशि कितनी है और कब से दी जा रही है ?

प्रधान मंत्री तथा वैदेशिक-कार्य मंत्री (श्री जवाहरलाल नेहरू) : (क) तथा (ख) भारत सरकार की ओर से कोई सालाना रकम नहीं दी गई है। लेकिन संयुक्त राष्ट्र संघ की वार्ता समिति के अध्यक्ष की अपील पर नीचे लिखा धन और चीजें दी गईं थीं :

१९४८–४९ में	१००,००० डालर
१९५२–५३ में	५,००,००० रुपये के मल्य का बनास्पति घी दिया गया था।
१९५४–५५ में	२,५०,००० रुपये के मूल्य के सूती कपड़े दिये जा रहे हैं।

२. १९५३ में लेबनान के एक अरब शरणार्थी कैम्प को ६,५०० रुपये का साबुन भी भेंट के तौर पर दिया गया है।

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LOK SABHA DEBATES Dated.....10.12.201

(Part II—Proceedings other than Questions and Answers)

LOK SABHA

Friday, 26th August, 1955.

The Lok Sabha met at Eleven of the Clock.

[MR. DEPUTY-SPEAKER *in the Chair*]

QUESTIONS AND ANSWERS

(*See Part* I)

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12 NOON

PAPERS LAID ON THE TABLE

STATEMENTS SHOWING ACTION TAKEN BY GOVERNMENT ON ASSURANCES, ETC.

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): I beg to lay on the Table the following statements showing the action taken by the Government on various assurances, promises and undertakings given by Ministers during the various Sessions shown against each:

(1) Supplementary Statement No. V. Ninth Session, 1955 of Lok Sabha. [*See* Appendix VII, annexure No. 1]

(2) Supplementary Statement No. IX. Eighth Session, 1954 of Lok Sabha. [*See* Appendix VII, annexure No. 2]

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(7) Supplementary Statement No. XXXII. Second Session, 1952 of Lok Sabha. [*See* Appendix VII, annexure No. 7]

(8) Supplementary Statement No. XXXII. Second Session, 1952 of Lok Sabha. [*See* Appendix VII, annexure No. 8]

MESSAGE FROM RAJYA SABHA

Secretary: Sir, I have to report the following message, received from the Secretary of Rajya Sabha:

> "In accordance with the provisions of rule 125 of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I am directed to inform the Lok Sabha that the Rajya Sabha, at its sitting held on the 24th August, 1955, agreed without any amendment to the Industrial and State Financial Corporations (Amendment) Bill, 1955, which was passed by the Lok Sabha at its sitting held on the 28th July, 1955."

COMPANIES BILL.—*contd.*

Mr. Deputy-Speaker: The House will now resume further consideration of clauses 81 to 144 of the Companies Bill. Out of 5 hours allocated to these clauses, 2 hours and 15 minutes have already been availed of

[Mr. Deputy-Speaker]

yesterday and 2 hours and 45 minutes now remain. Discussion on these clauses will continue upto 2-30 P.M. when the House will take up the Private Members' Business.

SUSPENSION OF A MEMBER

Shri Kamath (Hoshangabad): Sir, before we proceed with the debate, may I raise a point of order in regard to the procedure, which I appeal to you to decide in that liberal frame of mind which animated you yesterday morning.

Mr. Deputy-Speaker: Order, order.

Shri Kamath: I am on a point of order.

Mr. Deputy-Speaker: Order, order. I have heard him. The hon. Member wants to raise a point of order. Any point of order can be raised on a matter which is before the House. If anything has arisen now I am willing to consider the point of order and suspend further progress of the work. Whatever took place yesterday cannot be raised as a point of order today.

Shri Kamath: But you left the House yesterday. I wanted to raise it yesterday itself.

Mr. Deputy-Speaker: Order, order. Hon. Member will appreciate that immediately a point of order is raised, further business of the House must be stopped. The point of order has to be decided first and thereafter alone the work will have to go on. If the hon. Member has missed the bus he has missed it. He cannot raise it now. (*Interruption by Shri Kamath*).

Mr. Deputy-Speaker: I would not allow this kind of interruption from the hon. Member.

Shri Kamath: What you say is not laid down in the rules. It is the usual parliamentary procedure that a point of order can be raised at any time.

Mr. Deputy-Speaker: Order, order.

Some Hon. Members: Order, order. Sit down.

Shri Kamath: Who are you to say "Order, order"? He (the Deputy-Speaker) is there to maintain order.

Mr. Deputy-Speaker: Order, order.

Shri Kamath: Sir, you may say: "Order, order". I am in your hands. It is not for the Members to say that. Who are they to do that?

Mr. Deputy-Speaker: I will have to ask the hon. Member not to continue in this House if he continues to disturb the proceedings of the House.......

Shri Kamath: I am sorry, I have raised a point of order and you are not considering it.

Mr. Deputy-Speaker: The hon. Member must resume his seat when I am speaking.

Shri Kamath: I am sorry, I cannot resume my seat until you have heard my point.

Mr. Deputy-Speaker: If he cannot resume his seat he must go out.

Shri Kamath: I am going out, Sir. God bless you.

Mr. Deputy-Speaker: Very well. The House will now take up clauses 81 to 144.

Shri Jhunjhunwala (Bhagalpur Central): Mr. Deputy-Speaker,.....

Shri Kamath: This is fantastic nonsense.

Mr. Deputy-Speaker: I will have to name the hon. Member. He has used very unparliamentary language and has committed contempt of the Chair's position and dignity of the House. He said: "It is fantastic nonsense".

Shri Kamath: I did not say it with reference to the Chair, but with reference to the Members trying to keep order and shouting me down.

Mr. Deputy-Speaker: Order, order. Unless he unconditionally apologises for having made this statement "fantastic nonsense" and withdraws it.....

Shri Kamath: I said it only with reference to Members calling me to order. You want me to apologise to the Members? Or is it to the Chair?

Mr. Deputy-Speaker: I wish to name him. I now say that for a week from today Shri Kamath shall not be entitled to come into this House.

Shri Kamath: Thank you, Sir. May God bless you for ever.

(*Shri Kamath then left the House*)

Shri S. S. More (Sholapur): Sir, may I bring to your notice that this proposal should be put to the House.

Mr. Deputy-Speaker: Yes; I agree. Formally I am putting the question to the House.

The question is:

> "That in view of what Shri Kamath has said he be suspended from the service of the House for one week."

The motion was adopted.

Mr. Deputy-Speaker: Shri Kamath will have to keep out for a week.

Shri U. M. Trivedi (Chittor): Can I make one suggestion? Shri Kamath used the words "fantastic nonsense" with reference to what Shri A. M. Thomas said for ridiculing him. (*Shri A. M. Thomas*: Myself?) He never used the words "fantastic nonsense" with reference to the Chair. We are with you in this respect; but, there is some misunderstanding and you may take it from us that there is a very serious misunderstanding on this question. What Shri Kamath said was entirely with reference to what Shri A. M. Thomas told him......

Shri A. M. Thomas (Ernakulam): Sir, I do not know why my name is being dragged in. I said nothing.

Shri U. M. Trivedi: Shri Kamath is a respectable man and his explanation must be sought. One thing more (*Interruption*).

Mr. Deputy-Speaker: Order, order.

Shri Punnoose (Alleppey): I want to make a submission.

Shri U. M. Trivedi: Sir, you are a lawyer. Cool-headedly you ask him to whom these remarks were addressed. We will join with you in asking him to go out if he has made any reference to the Chair. That opportunity must be given to him.

Mr. Deputy-Speaker: I have heard and every hon. Member in this House has heard him use these words.

Shri Punnoose: I have to make a submission.

Mr. Deputy-Speaker: I am not going to allow any further submission regarding this. Everyone of us has heard the provocative language which Shri Kamath used. When I called him to order he refused to sit down. He said he won't obey the Chair. He went on making observations in a manner not fitting with the dignity of the House. He said that my ruling was not right and so on. Ultimately he used the words "fantastic nonsense". I cannot understand what it meant. It may be, as an hon. Member has now pointed out. I even told him that he is not right, but he used the language and went on doing so in a very provocative manner which is opposed to the dignity of the House. It is no good any hon. Member trying to justify what he did. As a matter of fact, it was very provocative. He did so, not caring anything for this House or for the dignity of this House. It is open to any hon. Member to differ from the Chair regarding its rulings. But, he has to submit to it first. He never submitted to it. He kept on interrupting in a provocative manner. When I asked him to sit down he refused to do so. He flouted the ruling of the Chair. Inspite of this behaviour I put up with him for some time. An attack on the Chair is something which I cannot tolerate. It was all directed against the Chair

[Mr. Deputy-Speaker]

and the dignity of the House as has been revealed by the manner in which he behaved. I ought to have asked him to go out even earlier. I put up with it for 3 or 4 minutes. I do not see anything wrong in what I have already ruled.

Dr. Rama Rao (Kakinada): Sir, on a point of order. If my memory is correct—I have not got the rules here before me—naming a Member must be on the proposal of the Leader of the House.

Shri Punnoose *rose* —

Mr. Deputy-Speaker: Is it on a point of order?

Shri Punnoose: Yes. I think naming of a Member has to follow a motion being raised. You always advise us to be calm and cool and proceed slowly. Here, I say we are proceeding in rather undue haste. The Member may be called and he may be asked to give an explanation. If he persists we can take very strong action. I am not pleading for Shri Kamath. I am sure you will look into the matter more seriously.

Shri M. S. Gurupadaswamy (Mysore): Sir, you asked Shri Kamath to go out of the House in the first instance. Afterwards you revised that ruling and said that he should be out of the House for one week. The provocation seems to be due to his using the expression "fantastic nonsense". I wish to point out here that he used that expression not with reference to the Chair but with reference to some of the Members who were making noise and disturbing him when he was leaving.

Some Hon. Members: No, no.

Shri U. M. Trivedi: The Members were ridiculing him and he said it with reference to that.

Mr. Deputy-Speaker: We have heard the same remarks and the same submission already.

I have heard sufficiently about this matter. There won't be any more discussion about this matter. Now, Shri Jhunjhunwala.

Dr. Rama Rao: Sir, you did not reply to my point of order.

Mr. Deputy-Speaker: I have already given my ruling that there is no point of order. The motion was put to the House and then it was carried by the House.

Shri K. K. Basu (Diamond Harbour): May I request you to consider a point of mine? Well, it is a very serious matter and we are all agreed that it has been an insult to the Chair. Unfortunately the Member has been sent back. I feel that your decision could have been to the effect that he should be away for a day. In the meantime, he may apologise. Because, on your request that he should withdraw, he definitely said that 'I am willing to apologise to you but not to the other Members'. I think you will fully appreciate it, and I should say that it has been his normal temper. So, I would make a request that he may be asked to leave the House for today, and, in the meantime, if he is given an opportunity to amend his conduct, he may apologise. It is only reasonable I request you to consider this position. All of us want that the dignity of the Chair should be protected by every Member of the House.

Shri M. S. Gurupadaswamy: He never used the expression 'fantastic nonsense' against the Chair.

Mr. Deputy-Speaker: I have heard the hon. Members on this point more than once. As regards the suggestion by Shri Basu, I have no objection. I have nothing vindictive against any hon. Member. I am only sorry that the proceedings of the House have been disturbed. The proceedings of the House ought not to be disturbed. I have also found that this is not the first time. I asked the Member to leave the House. He persisted and ultimately I said I would have to name him. And yet he persisted. It is not in the spirit that he should not be in the House that I said he must withdraw. I would be the last person to deny any hon. Member the privilege of being in this House. If, as Shri Basu says, he is willing to make amends, I will consider it.

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): May I say, Sir, that I welcome what you have been pleased to observe? Naturally, it is for you, occupying this high office, to keep and preserve order and the dignity of the House and every hon. Member should try to maintain that dignity and observe any direction that you give. You have been pleased to say, as I understand you, that in the event of the hon. Member who has been asked to withdraw expressing his regret, you will be pleased to consider the matter afresh. May I say, Sir, with all respect, that that is a very correct attitude to take, and I am sure the dignity of the House also will be maintained thereby. If there is an apology—an expression of regret—then you should be pleased to consider the matter afresh.

Shri M. S. Gurupadaswamy: Apology for what?

Mr. Deputy-Speaker: Shri Jhunjhunwala will please resume his speech.

COMPANIES BILL.—*contd.*

Clauses 81 to 144

Shri Jhunjhunwala (Bhagalpur Central): My amendment, as I was submitting yesterday, is No. 396 to clause 110. There are various elements involved in this clause. I do not dispute the salutary principle behind the power given to the managing agent for refusing the transfer of shares without giving any reasons. The only thing which I want is that this power is not arbitrarily and capriciously exercised by the mangaing agent to the detriment of the shareholder.

The second thing is that the managing agents have not had this power up till now. What the shareholders had to do was to go to the court and to prove the *mala fides* of the managing agents. It was very difficult for the shareholders to prove the *mala fides* of the managing agents and it took them years and years in order to get their case decided. So, Government have taken back the power in their hands and the Government wants that the shareholders should come to the Government for redress of their grievances against the refusal by the managing agents to transfer the shares. My hon. friend Shri Tulsidas is very uncompromising, knowing full well how the people are being put to trouble in going to the court and that the case takes years and years. By going to the courts, the people have to spend a lot of money, but still Shri Tulsidas insists and he wants that the Government should not have this power but the court should have that power. You can see the attitude of the managing agents. We have to examine the new provision which has been introduced in this clause. Instead of the court, the Government has got that power now. Now, let us see how the shareholder gets redress and how his hardships are minimised. I shall take into consideration three elements. One is that the managing agent's power to refuse transfer without giving reasons is not disputed. If the managing agents were to refuse transfer they can do so. I do not dispute that. But before doing that, they should come to the Government and give their reasons saying that "these are the reasons on which we want to refuse the transfer of shares". If, on reading all the reasons, the Government finds that they have got sufficient grounds for refusing the transfer of shares, the Government should call the other party—the shareholders—and ask them whether they have got to say anything. After hearing the shareholders, if the Government finds that the refusal to the transfer of shares is all right, then the matter ends there. But, under the clause as it stands, what will happen

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is that the managing agent will refuse the transfer of shares and it will take two months. Two months' time has been given to the managing agent to decide this question. So, for two months, the shareholder will remain in suspense. Then, after two months, the shareholder will come to the Government and say that such and such an order has been passed, and then the Government will ask the managing agents to give their explanation as to why they have transferred their shares. This was made clear yesterday by the Finance Minister. It was not clear to us till yesterday that after the explanation has been given by the managing agent, the shareholders will be acquainted with those explanations. Then the shareholders will put their point of view before the Government. After that, it might take two months, three months or even four months for them to decide the thing. During this period, the shareholder will remain under suspense. He has sold his share and the person to whom he has sold the share—the transferee—will also remain under suspense. So, the shareholder is not in a position to sell his shares. The transferee will say, "unless the shares are transferred in my name, I cannot accept them." So, there will be suspense for a long time. In order to avoid the suspense of the shareholder and the hardship which will be caused by this procedure, what I propose is that the managing agents should go to the Government and give their reasons as to why they refuse to transfer the shares. If the Government finds that the explanations and the reasons given by the managing agents are not good enough, then straightaway the Government should tell the managing agents, "No, you have to transfer the shares." But if the Government finds that the reasons given are good, in that case, the Government can ask the shareholders to come and put their point of view and decide the case immediately. So much delay and so much waiting for the shareholders will be saved and there will be no difficulty for the managing agents to come and take the opinion of the Government. This will minimise the trouble of the shareholders and also the suspense under which they will remain till the managing agents send them their refusal or acceptance of the transfer of the shares. The Government also will not lose anything. So far as the Government is concerned, the time taken will be the same, rather in this case it will be less. Also, the shareholders will be saved the trouble of the waiting and suspense under which they will remain till the shares are transferred. This is all I have to say on this point.

There is another point regarding the issue of shares. My friend Mr. Bansal had moved an amendment which appeared today. Normally, the issue of new kinds of shares should not be there and the managing agents and the shareholders of that company should find out before such shares are issued all other means whereby they can run the concern. But if they find that they cannot run the concern without issuing such particular kinds of shares and if the company is working at a loss, in that case and in that case alone, without giving some special power of voting to the people who will subscribe the new shares, the shareholders should sit, decide and then write to the Government; afterwards with the permission of the Government they can issue such shares on such terms as the Government may decide. But so far as shares which have already been issued are concerned, this disproportionate voting should be removed. They should be all put on a par. I have found that there was some salutary principle behind everything which has been in the old Act. Therefore, while putting in new clauses, we should see that that salutary principle is kept. For this purpose I would support the amendment moved by my hon. friend Mr. Bansal. But so far as the shares which have already been issued are concerned, the disproportionate voting rights should be done away with.

Shri N. P. Nathwani (Sorath): I want to make some observations on clause 110. Yesterday there was some discussion as regards this clause. It provides for an appeal to the Central Government against the decision of a company refusing to register the name of an applicant, whether it is by way of transfer or by way of transmission by the operation of Law. Now, some hon. friends have suggested that the appeal should lie to the court and not to the Central Government. Apart from the merits of this proposal, as I understand clause 110, there is nothing in it to deprive any applicant of his right to approach the court for enforcing his rights. No doubt sub-clause (5) of clause 110 provides that if the decision is given against the company, the company shall give effect to the decision of the Government forthwith, but it does not say whether the decision is to be binding on the applicant or not. Again, this clause does not say that the decision of the Government shall be final and that no suit can lie against it. Sir, you know there is the rule of construction which says that we should avoid as far as possible that construction which seeks to transfer the determination of rights and liabilities from a court of law to an executive officer. Therefore, at least, so far as that applicant is concerned, his right to enforce his remedy through a court of law is not barred. His right is of a civil nature and unless such right is taken away expressly or by necessary implication, he can always seek a remedy through a court of law.

There is one more point about sub-clause (5) which says that a company shall give effect to the decision of the Government forthwith. But it does not provide what would happen if the company refuses to carry out the decision or the order given by the Central Government. I know that the Government is alive to this position and so far as I understand, Government propose to bring forward a suitable amendment, so that the decision which might be given by the Central Government can be implemented. I only wish to say that the proposed amendment should not merely give effect to the decision which might be given by the Central Government, but there should be a provision also made for imposing some punishment on the company or on the officer who is in default.

Shri K. K. Basu (Diamond Harbour): The hon. Member is referring to an amendment; where is the amendment?

Shri N. P. Nathwani: I am only saying that I understand that the Government is alive to this situation and I expect Government to bring forward an amendment either to clause 110 or to some subsequent clause. I do not know what they exactly intend to do. But my suggestion is this. It will not be enough to say that if the company is in default in carrying out the order of the Government, the applicant shall be treated as a registered shareholder. The clause should also provide for some punishment. Otherwise, the company and its officers can defy the decision of the Government with impunity.

But there is one aspect which my learned friend Shri Jhunjhunwala stressed very much. Sub-clause (5) is not wide enough to indicate whether the Central Government can require the companies to give reasons for refusing to register the transfer. But if we came to sub-clause (7), the meeting becomes tolerably clear. It says the procedings shall be confidential. This means that the officers of the company are being enabled to disclose facts freely which might otherwise be of a confidential nature.

But there is one aspect about sub-clause 7. Its implications are not clear to my mind. Is it the intention that no information which might be obtained by the applicant or the company is to be utilised elsewhere by any party? Because, if that is the intention, then the provisions which are incorporated in the Income-tax Act, particularly in section 54, should have been incorporated here. This merely says that the proceedings

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shall be confidential. Therefore, any party cannot call for or cannot get these documents produced in a court of law. It may also be that the officer concerned cannot be required to state or to give evidence about the information received by him, but there is no ban on the parties concerned saying what they have gathered as a result of these proceedings. On the whole, I feel that this provision will strengthen the hands of an applicant. He would be able to know the precise grounds on which the refusal is being made.

Then there is one thing more, and that is in respect of clause 86. Clause 86 defines the quantum and extent of voting rights. It carries out the recommendations made by the Company Law Committee. Hereafter, the voting rights in the case of all shares, whether they are ordinary shares or preference shares, are to be in strict accordance with the capital paid up on such shares and the voting right of an individual shareholder is to be in strict proportion to the paid-up capital of the company. This may in some cases work a hardship at the time of exercising the votes, because any one who has some experience of company management knows that when the occasion comes for members to exercise their votes, they rush to the company's office, try to pay up their arrears of call so that they might be able to exercise their votes. In clause 180 it is provided that the articles may provide for a altuation where a member has been in arrears of call money. Because of that he might have incurred the disability to exercise his vote. So, in a big company where you have to work out the individual voting right of every member, some difficulty will be experienced because it involves an intricate calculation of figures and if at the eleventh hour several members approach and offer to pay and pay their arrears of call, the paid-up capital would be increased and it would affect the individual rights of the shareholders. Therefore, if we qualify this provision by saying that the paid-up capital which will be taken into consideration will be the capital as it stood say 48 hours or 24 hours before the voting has to take place, it will save considerable hardship.

Shri U. M. Trivedi (Chittor): I want to offer some comments on this provision in clause 93. I have given my amendments No. 115 and 116.

It is provided under sub-clause 1(e) of clause 93 that the company shall have the power to cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. This and sub-clause (2) are going together. I make a very small suggestion about it and it is this, that such cancellation of shares shall not take place without notice to the party affected and at the same time must require the confirmation of the court.

There may be several reasons for cancelling shares. The man may not have received notice and may not know. He may have changed his address. So many things might be there. Without giving a hearing to the person affected by the cancellation, there is forfeiture of the money that he may have paid on the shares on allotment. He may have been handicapped for some reason or other. It is not fair that he should be deprived of his property without any proper hearing in this matter. This is a small suggestion which I am making and I hope the Finance Minister will look into it to see whether it is proper that shares which have been allotted should be cancelled and that all the moneys of such persons should be forfeited without giving them a proper hearing.

Then, we come to this very vexed question under the provisions of clause 110. The first point that strikes me is this. It is a very dubious provision of law that we want to incorporate here. There is to some extent, I should say, force in the arguments advanced by Shri Nathwani, but the way the Government has put this case and the way it was supported by Shri C. C. Shah who has been always the spokesman of the Government in this respect, it appears that the Government does not trust the High Court. I have yet to see the reasons for advancing such an argument that the Government is not trusting the High Court.

Shri C. C. Shah (Gohilwad-Sorath): I did not advance any such argument. My hon. friend is putting into my mouth words which I never said or uttered.

Shri U. M. Trivedi: They are words which I heard.

Shri Gadgil (Poona Central): Something wrong with the ears.

Shri K. K. Basu: He is reading your mind.

Shri U. M. Trivedi: Why this policy of keeping all control in the hands of the Central Government? One argument that was advanced against this provision was this, that a man having a company in Madras or in Trichinopoly or in any other part of India will have to run up to Delhi before the Central Government for the purpose of getting some redress, whereas if it is in a court of proper jurisdiction, he may be able to approach that court and get a decision nearby.

Then there is another thing. When we read this whole provision and when we read sub-clause 7, it gives the show away, and shows that it is only for some political grounds or for some reasons which cannot be disclosed to the public at large that this power under clause 110 is to be kept in the hands of the Government. Sub-clause (7) says:

> "......All proceedings in appeals under sub-section (3) or in relation thereto shall be confidential, and no suit, prosecution or other legal proceeding shall lie in respect of any allegation made in such proceedings, whether orally or otherwise."

You can give a bad name to a dog and hang it. From the very beginning the argument advanced by Shri C. C. Shah was this, that a man may be undesirable. What is this undesirability? It is the most relative of terms. A man may not like a particular person on account of his face, on account of the hair he wears, the dress he wears.

Shri K. K. Basu: Or the white cap.

Shri U. M. Trivedi: Whatever it may be, I do not come to that. We are all white-cappers.

An Hon. Member: Are you?

Shri K. K. Basu: I hope you have changed into black.

Shri U. M. Trivedi: I never put on a white one at least.

Shri K. K. Basu: That is good.

Shri U. M. Trivedi: The question is that of propriety.

We have to see whether we should give such vast powers in the hands of Government as to deprive a man of his right. At one end, we have made the provision in our Constitution that no one shall be deprived of his property. At the other end, here we want to put into the hands of a body corporate or the managing director or the board or whoever controls this whole thing or the managing agents, power to say, all right, you may have purchased the shares but we are not going to transfer them. At one end, we have been liberal in one respect, and at the other end we are providing like this. I do not see the consistency about it.

Shri T. B. Vittal Rao (Khammam): May I point out that there is no quorum in the House?

Mr. Deputy-Speaker: Is it not lunch time now?

Shri T. B. Vittal Rao: Not yet.

Mr. Deputy-Speaker: The bell is being rung. Now, there is quorum. The hon. Member, Shri U. M. Trivedi, may continue.

Shri U. M. Trivedi: Formerly, we could not have an outsider acting as a proxy. Now, we have been liberal enough to say that any outsider not connected with this company itself may be a proxy and may exercise the vote. Though we have been liberal enough to allow a man, whose antecedents are not known, and who is a complete stranger to others, to come and attend the meeting, and also to exercise the vote or do all the functions which a proxy is allowed to do, yet we say here that a man who invests money, and who has some stake may not be allowed to be registered because he is considered by some superman sitting there to be undesirable. That is what we call the height of tyranny that you want to practise through the process of this company law.

We do not know what political considerations may come in, because as this law now stands, practically the power goes into the hands of the Central Government to allow or not to allow a man to run his bussiness; and discrimination may be there. The object of the present measure is to reserve as much power in the hands of Government as possible; to oppress as much as possible, to please those who are sychophants to you, and to ruin those who cannot agree with your views. It is with this object in view that this company law is now being framed in this manner. When such a law is being framed, it is the duty of the House to see whether it will act oppressively or not.

The hon. Finance Minister said, and he was to some extent justified in saying, that we are not dealing with ordinary men, and therefore we should not presume that they are very honest. I should say that we are also not dealing with officers who are very straight forward persons; and they are bound to act according to the dictates of their masters, and all those masters are not very honest. That being the case, we have to safeguard through law the position of such persons as are actuated by mere desires of investing their money and nothing else. According to this provision, such persons, in whose case refusal is made, will have to run up to Government; and if they hold a particular type of view, the man sitting at the Centre will tell him, look here, we may get it registered, my dear fellow, but we will do it only if you change your colours, if you agree to contribute so much to our funds, if you agree to to pay so much to our party, if you agree to give up that particular party, if you do all these things, we agree to get the shares registered, otherwise, you go away, and so on. All this can be said against the person concerned, and it may have been put down in black and white also, but it cannot be the subject-matter of an enquiry by any court of law. It is with this fear that I say that if the registration of a person's shares is refused, he must be given reasons in writing as to why it is being refused. Further, the appeal should not lie to Government, but must lie to the court having proper jurisdiction. I know—and what Shri N. P. Nathwani has said has some force in it—that notwithstanding this provision of law, which says that the appeal shall be made to Government, and the decision of Government shall be there, and without assigning any reasons, Government will say anything, and the company shall have to obey that order forthwith, there is a provision, in the Constitution, very wisely put there, and liberally too, namely the provision of article 226, which can compel Government to change its order. But then it is a very lengthy process for anybody. It is a very costly thing. In the case of a transfer of a few shares by a few persons, why should a person always approach the High Court for this purpose?

The Minister of Finance (Shri C. D. Deshmukh): Is the hon. Member sure that recourse to court is barred by anything that we are saying in this Bill?

Shri U. M. Trivedi: You give no provision to go directly to the court. It is a question of interpretation whether a person will have to exhaust the remedy which has been provided under this law or whether before exhausting this remedy, he can approach a court of law. That is the point.

Shri C. C. Shah: This provides only an additional remedy to the person, if he chooses to take advantage of it. Otherwise, he has the right to go to a court of law.

Shri U. M. Trivedi: I would welcome some provision to be put somewhere here in the language in which Shri C. C. Shah has tried to put it.

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): It is absurdly unnecessary. If you will read it very carefully, you will find it is quite unnecessary.

Shri U. M. Trivedi: It is quite necessary. Unfortunately, you have passed the stage when you have to go before a court of law, and you do not know it. There are difficulties that arise in this matter.

Just now my hon. friend Shri N. P. Nathwani has said—I do not know whether he knows so much the mind of Government or not—that Government has this position in view, namely that all such orders will be enforceable, and Government might make some provision in the same terms as the provision existing in clause 628.

Shri M. C. Shah: Shri N. P. Nathwani simply pointed out that under this new sub-clause (8), there is a provision that an order can be passed under sub-clause (5), saying that the transfer may be effected. But now he says, suppose a party does not accept it then what is the result, can Government enforce its orders, are there any provisions to that effect, and if not, do Government propose to have such a provision later on.

Shri U. M. Trivedi: That is what we also want to know. How does the mind of Government work about it? If we find that you have already agreed to such a provision, then we may not advance such arguments.

Shri M. C. Shah: That will come in the clauses which we shall just consider. If we want to add any penal clause there with a view to penalise a company that does not carry out the orders of the Central Government, then you will have ample opportunity to discuss the matter.

Shri K. K. Basu: Shri C. C. Shah also has said that there is nothing to bar a person from going to a court of law. Under the existing law, you have to prove the *mala fide* of the director. But under this particular provision, so far as the Central Government are concerned, you say that they should not only be guided by grounds of *mala fide* but something else also. Is it open to the court of law, after the statute comes into being, to go into any other ground apart from *mala fide*? That is the whole point.

Shri C. C. Shah: It does not provide any further ground except those that exist in law at present.

Shri K. K. Basu: So far as the Central Government are concerned, after this clause 110 is put into effect, if they so choose, they can go into other reasons also apart from *mala fide;* and since the specific right is provided, they can give notice to the company and ask for the reason, and they can go into other grounds also apart from grounds of *mala fide*. But so far as the courts are concerned, they have to follow the existing practice only.

Shri U. M. Trivedi: The court is bound to go by what the law, as it stands, says. The court is not going to travel beyond what is said here. I heard the Minister of Revenue and Civil Expenditure to say that they are proposing some change in some clause, and the way that he has suggested means that the remedy that a man can have by way of an ordinary civil court will be barred immediately you provide that it will be penal for any man not to obey those orders. The penal clause itself will suggest that that order is final, and the penalty will be attached to it. So we must know how you are going to have this provision moulded, and what is the strength behind it, what sort of sanction you are going to provide behind it. Therefore, my suggestion is this. I do not think that anything is lost to the Government in any manner, except if there is something hidden or something *mala fide*. You can easily provide that this can be determined by a court of law. Why allow this big power in the hands of those very people whom, you say, you are not trusting? Why allow them the power to exercise the right of refusal of registration? Why have it both ways? You cannot blow hot and cold in the same breath. At one stage, you say that you do not want these people, they are dishonest, you are trying to plug all these loopholes; at another stage, you want to give these very people this power to refuse registration of transfer, to call anybody undesirable and throw him out; you allow the board to say something dirty about a man who wants the shares transferred and do all sorts of things. Why not allow him to open those proceedings? I say that there is a very strong case for such a course. You should agree that the man must have a right of appeal and he must be given the reasons why registration of transfer is refused. He must have the right of appeal....

Shri K. K. Basu: After the Central Government decides.

Shri U. M. Trivedi: I say, do away with the Central Government. It must go to the proper officer or a court with proper jurisdiction. This is a question of right.

Then I come to a small suggestion about clause 112(2). I suggest that in sub-clause (2) after the words 'sub-section (1)', we may add 'subject to the provisions of sub-section (3)'. As it now stands, it says:

> "If default is made in complying with sub-section (1), the company and every officer of the company who is in default shall be punishable...."

I say that he should not be punished automatically, but he must be served with a notice requiring him to make good any default in complying with sub-section (1). So I want to add, 'subject to the provisions of sub-section (3)' after 'sub-section (1)', so that it reads:

> "If default is made in complying with sub-seotion (1), subject to the provisions of sub-section (3), the company and every officer of the company...."

That will be in the fitness of things, read with the provisions of sub-section (3). This will help the company, if it is an honest company, to carry out the ordinary transactions in a proper manner and we shall not be called upon to punish a man without hearing him.

Shri M. S. Gurupadaswamy (Mysore) *rose*—

Mr. Deputy-Speaker: When a special forum for appeal is provided by statute, it is open to the court to have jurisdiction over the matter? Under clause 110, the appeal is to be made to the Central Government.

If nothing is said in regard to appeal, it is another matter. But when an appeal is prescribed to a particular agency, is it open to the court to have jurisdiction?

Shri S. S. More (Sholapur): There are certain powers under the Constitution for the courts to superintendent or issue writs of *certiorari*, *mandamus*.....

Mr. Deputy-Speaker: Writ is a different matter.

Shri S. S. More: When a special procedure is provided, no party will be permitted to deviate from it, unless the special machinery is utilised.

Mr. Deputy-Speaker: I do not want to create any innovation. If Government want to avoid any reference to a court, it may be made clear. If on the other hand, the hon. Minister in charge feels that they may have recourse to a court, there is nothing preventing appeal to the court. But when a special procedure is provided for appeal to a particular agency, I doubt whether the appeal can lie to a body other than that. I am afraid there are certain cases which say that reference to a court of law is prohibited. If it is a question of substance in which the hon. Member feels that we are not going to allow the court to interfere in this matter and the Central Government must have the authority, there is no going behind it. On the other hand, if he feels that the court's jurisdiction ought not to be excluded, it is somewhat doubtful.

Shri C. D. Deshmukh: The court's jurisdiction today is of a particular kind. That does not cover all cases of refusal to register. As one hon. Member pointed out, it is a question of *mala fides*. The question of *mala fides* can always go to court. Below that or short of that, there was no remedy available to the party today. What we have provided is a summary kind of remedy for a matter which is not always a justiciable matter, if *mala fides* do not enter the transaction, because there are various other issues that may have to be taken into consideration—but certainly not politics. Of course, it is open to hon. Members to fling mud at anything, about anybody's *bona fides*, so long as their *bona fides* are not suspected. But we do not play that game. We say, we are trying to deal with a particular problem to the best of our judgment. We find that today a party has no remedy. Therefore, we say, may be the company may not wish to make a justiciable issue of it, and yet it may have very good reasons, say, the shares have been cornered, somebody wants to oust someone else. It is a kind of game played in the business world, but not necessarily raising issue of moral turpitude. And yet from the point of view of the conduct of a particular enterprise, Government may feel that a change that will come about as a result of these transfers is a change which will not be desirable.—I am sorry I am making a speech which I should have made later, but I am trying to answer your point—.There are many other powers of a cognate nature which have been vested in Government. What is the meaning of saying we will approve the new managing agents, a new managing director, the composition of a new directorate? All these are powers vested in us. Hon. Members might say, why not transfer all these powers to the High Court? My answer is that these are not essentially justiciable matters: these are matters of judgment in ordinary everyday affairs of the market-place, and therefore, other considerations than the provisions of law have to be borne in mind. That is why we are entering into difficulties in regard to labour tribunals. Although those matters go before judges and so on, you find 100 judges give 100 different judgments, because there is no substantive law which governs this matter. We do not know what bonus is, we do not know what profit sharing is, we do not know what social justice is. All these vague matters have, therefore, to be dealt with on a different plane. That was

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why we felt that in this matter the Central Government, who are not hampered by rules of evidence, rules of procedure and so on, might be able to do rough justice whereas the court may not be. And there is the other point, that it is not proved that the law's delays are less than the delays of the Central Government—I mean we have a greater capacity of cutting red-tape than the High Court has of abridging its procedure. They are bound by procedure; unless the law is changed, they are helpless. We can change our procedure as we go along, and I have given general assurances to the House that we shall see that delays are minimised. Therefore, I am hoping that most of these matters will be settled very quickly. Secondly, the very existence of these new powers in the hands of Government will make it almost unnecessary for them to exercise them. As far as I can foresee, in about 99·99 cases, the names would be registered. Because the party has to come, and if he does succeed in proving in an isolated case that there is every case for not registering it, that would be a matter in which no court could interfere—because I am excluding *mala fides*. If there is *mala fide*, and that may include even political *mala fide*—it is open to a party to go to the court and say, "I heard the Minister say 'I will see that that person who belongs to that party does not get the share'"—if he can prove it, it is open to the High Court to decide it.

1 P.M.

Mr. Deputy-Speaker: The hon. Minister therefore says that the present jurisdiction of the court is not curtailed. The present jurisdiction is in cases of *mala fide* and dishonesty, if it is proved. An additional remedy is provided now which was not in the previous Act. Therefore, far from abridging he has enlarged it.

Shri C. D. Deshmukh: Much enlarged.

Mr. Deputy-Speaker: And in favour of Government. Because, where an appeal lies to Government they are not governed technically and strictly by any rules of evidence as in a court of law, and they may do justice in a summary manner. Wherever even they are actuated by malice, dishonest intentions or by a partisan spirit, the jurisdiction of the court is not ousted.

Shri U. M. Trivedi: In regard to *mala fides* of Government being challenged I may inform my friend that all the courts including the Supreme Court have said that *mala fides* of Government is a thing most difficult to prove and is never at issue. It is taken for granted that whatever the Government has done is right.

Shri C. D. Deshmukh: It cannot be alleged and it is very difficult to prove.

Shri U. M. Trivedi: That is why I was suggesting that the remedy must be with the courts from the very beginning.

Mr. Deputy-Speaker: The hon. Minister says it is not purely judicial and there is something more as in the case of managing agents.

Shri U. M. Trivedi: So long as he is Finance Minister it is all right.

Mr. Deputy-Speaker: We hope all Finance Ministers will be equally good.

Shri M. S. Gurupadaswamy: This group of clauses deals with debentures, shares, transfers and other cognate matters. With regard to shares, the Bill provides for two kinds of shares, namely equity shares and preference shares.

Shri C. D. Deshmukh: May I know on which amendment the hon. Member is speaking?

Shri K. K. Basu: It is only a suggestion for action.

Shri M. S. Gurupadaswamy: I am speaking on clause 84. This clause provides for two kinds of shares: preference shares and ordinary shares. The one happy feature about this Bill is that it has completely eliminated the continuation of deferred shares. Shri C. C. Shah pointed out yesterday that the continuation of such shares has been the cause of much abuse on the part of the deferred shareholders. They are none else than the promoters or the founders of the companies. In companies where there is unusual and extraordinary accumulation of profit, the deferred shareholders always take the greater portion of the net profits, after providing of course for the dividends for the ordinary shareholders as well as the preference shareholders. Though the face value of the shares of the deferred shareholders was very small, say one rupee, normally in the past the profits they used to get used to be much more than the profits of an ordinary shareholder or any kind of shareholder. Now this has been eliminated. This way the Bill is a definite improvement upon the old Act. So it must be commended.

But I have to make one submission in this connection Shri Asoka Mehta while dealing with the question of shares asked: would it not be better to give sufficient power to Government to allow the issue of more kinds of shares if they are deemed necessary, instead of confining only two kinds namely equity shares and preference shares? Of course we do not want the continuation of the deferred shares, even though we want to give powers to Government to enlarge the kinds of shares. I am glad that the Finance Minister agreed with some of us that the transfer of shares is being done sometimes with a view to cornering a large number of shares. That is, shares are purchased and sold, they are acquired by a certain group of people or persons with a view to changing the complexion and character of the company. In England the practice was that any shareholder could sell his share to anybody he pleased; blank transfers and sometimes colourable transfers to undesirable persons used to be allowed. Normally, it is true that a shareholder is the owner of the share; he enjoys all the rights over the share and can dispose of the share to anybody. That is a normal right. But this normal right has to be restrained, because certain practices have developed in India, particularly due to the activities of managing agents and managing directors or directors who corner the shares and exploit the shareholders with a view to capturing the company. So by mere selling or buying operations of shares it is quite possible that the complexion and character and the managerial structure of the company might be changed. Therefore, with a view to preventing such a monopolistic tendency, it would be better that restrictions are placed on the transfer of shares.

Shri K. K. Basu: How can you prevent monopoly under this?

Shri M. S. Gurupadaswamy: It could be. Because by refusing to register the shares of certain people it is possible to keep the complexion and character of the company intact.

Shri K. K. Basu: Usually the persons in the management develop the monopoly. Shri Tuslidas will have no chance of developing a monopoly in that organisation!

Shri C. D. Deshmukh: There are other Tulsidases who want to oust this Tulsidas!

Shri M. S. Gurupadaswamy: On the ground that there is already in existence in the company a sort of a monopoly holding of shares by a group of people or some persons, should we on that ground justify again that the same tendency should be repeated by another group coming and taking over? If there are normal transfers, there is no objection. Suppose a shareholder is in difficulty, he wants

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to sell away his shares and have money. There should be no objection to sell his shares. Normally the company should not come in the way of such transfers. But the Government should see that the transfers do not in any way change the complexion or the character of the company or, if they want to change it, it should go into desirable hands.

Some hon. Member was suggesting that the High Courts should be given powers in respect of appeals. I am inclined to agree with the Finance Minister in this matter that the administration of Company Law is a matter for Government. And I suggested on another occasion that instead of a governmental machinery it would be desirable to have a Central authority, an independent or autonomous Central authority for this purpose.

Pandit Thakur Das Bhargava (Gurgaon): May I point out to my hon. friend that under clause 154 of this Bill, it is the court which can rectify a register of members? The powers of the court have not been taken away. The final authority of the civil rights of the people rests with the courts alone. How does my friend say that the jurisdiction of the court should be ousted?

Shri M. S. Gurupadaswamy: I am not saying that it should be ousted. I am only saying that if there is a refusal of transfer by a company the parties, the transferor and the transferee should be given some chance of appeal to Government and that is the only thing provided. I think that it is right that the power should not be entrusted to the court. The administration of company law should remain with the Government. It is the Government's responsibility to see that the company's affairs are managed properly. So, I say the provision that the Joint Committee has made in this respect is completely reasonable and satisfactory.

In so far as delay is concerned, it all depends upon the administration to impress upon us how far they will be able to cut down their red tape. I know various instances in which the officers dealing with company law and other matters have always waited for the orders of the Ministers. They do not act quickly and expeditiously; as a result there is a lot of delay and harassment to the parties. It would be better if the Minister takes care to see that red tape is cut short. I welcome his assurance in this matter.

The officer dealing with such important matters should act in a very responsible manner. But, unfortunately, today in India generally the officers behave as if they are the servants of the Ministers and not servants of the public. This has been the cause for the long delay, the red tape and all that. So, if the officers behave properly and think that they are not servants of the Ministers but servants of the public....

An Hon. Member: You want to sow seeds of disloyalty.

Shri M. S. Gurupadaswamy: I do not mean that there should be disloyalty to the Minister. I say that they should not always think that they are the servants of the Ministers, that is, that they should not always act according to the will of the Minister and not according to the rules and regulations provided under the law.

Shri C. D. Deshmukh: They should consider that they are Ministers?

Shri K. K. Basu: Sometimes they are.

Shri M. S. Gurupadaswamy: I do not want them to consider that they are servants in attendance to Ministers.

Shri C. D. Deshmukh: They are public servants and they are under the orders of the Minister. Do you want anything else?

Shri Bansal (Jhajjar-Rewari): On the other hand, the complaint is that the Government servants are too bureaucratic and they do not listen to the advice of Government.

Shri M. S. Gurupadaswamy: Lastly, I must say something about the disproportionate voting rights and the time provided for their adjustment. It is rather too long. My friend, Mr. Gadgil suggested one year. The Bill has provided for three years and I would request the Minister to consider whether it will not be possible to reduce the disproportionate shares within one year or at least less than three years. I think it will be better to reduce the period from three years to two years or one year, as the case may be.

Shri K. K. Basu: There has been a long discussion on this group of clauses and I think most of the points which I wanted to say have been covered. I wanted to move some amendments, but unfortunately, because notice was not given in time, they have not appeared on the list today. We wanted the deletion of these shares which are income-tax free.

An Hon. Member: What is the number of the amendment?

Shri K. K. Basu: I do not know; we gave notice yesterday but, probably, as the notice is not sufficient we do not see them here.

Yesterday my friend Shri Sadhan Gupta emphasised why there should be no provision in law which will permit the issue of income-tax free shares. Today there may be different types of shareholders whose financial position and standards may be different. Let them issue dividends on the basis of the earnings they have. It is for the individual shareholder, according to his own ability, to pay income-tax.

There is an amendment which the Finance Minister has moved, for the deletion of Explanation II which deals with cumulative preference shares. But, I do not see any other provision either in the definition clause or anywhere else which defines what a cumulative preference share is. We know it fully well because ever since the working of this company law in our country there have been judicial interpretations and there is the definition in English Company Law which we have been following. But, in view of the fact that our new Bill is a comprehensive one we should have said somewhere what is a cumulative preference share. It is open to issue cumulative preference shares also. If you drop out that explanation, unless some definition is made somewher it may not be possible to know what it is. In the new Bill we have put everything conceivable either in the body of the Bill or in the schedule. I would urge the Finance Minister to consider whether some such provision should not be made if the Finance Minister's amendment is accepted.

Then I come to the point that has been urged by my friend, Shri Gurupadaswamy. We have also moved an amendment to the effect that the period of three years should be reduced to one year for the adjustment of these shares with disproportionate rights etc. We are including in the new Bill provisions which will alter to a large extent the relationship *inter se* between the managing agent and the parent company or the parent company and the subsidiary companies and so on. Therefore, we consider that this three years' period will run counter to the provisions which we are incorporating in this Bill. We all desire that the body corporate should fall into line with the law that we are going to pass soon.

Regarding clause 89, it has also been dealt with by some of the previous speakers. Unfortunately the notice of an amendment which we gave yesterday was too late. Under the saving clause only section 80 is covered. What about the provisions regarding any right attaching to dividend capital or otherwise? We would like to emphasise that every kind of thing should fall in line with the provisions of this Bill, because under

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this Bill we want that there should be two types of shares mainly, the equity shares and the preference shares, and among the preference shares, they will be on a par and there will be no such differences. Under clause 89, in the case of existing companies they may have rights which are not in line with the provisions of clauses 86 and 87 that we are going to pass under this Bill. I would urge the hon. Finance Minister to consider not only the rights under clause 88, but all other rights also which should be made to fall in line with the provisions under discussion, which will be put soon on the statute of this country.

Regarding private companies, it is true that normally it is more or less family concern. But we have also seen that sometimes in private companies, after a certain stage, due to quarrels within the family troubles occur—the number of family members might not exceed 50. We have seen that when a section of the family members falls out with the other, the majority section controls and they tyrannise the other section. I know a very important company in Calcutta originally founded by three brothers and subsequently one branch of the brother had no male issue and it went to the daughter. The result was that the daughter's people were pushed out of the company. Therefore, even in the case of a private company, a provision should be included to the effect that if the Government is satisfied....

Shri C. D. Deshmukh: Which clause is he referring to?

Shri K. K. Basu: Clause 89, sub-clause (b). There are certain classes of rights attached to particular type of holdings, which is basically considered to be unjust and runs counter to the basic principles of the Bill. If Government is satisfied, in the case of a private company, on the application of a certain section of the shareholders whoever they may be, that such classes of rights are basically unjust and run counter to the basic principles of the Bill, then it should have a right to force upon the company to fall in line with this and amend the provisions of its articles of association accordingly. I fully agree that there should not be a general provision that all private companies should be on a par. As I have given an example, sometimes such quarrels occur. Therefore, it should be open to the Central Government, if it is satisfied, to call upon such private company to amend its articles so as to fall in line with clauses 86 and 87.

Shri Bansal: I have not been able to follow the hon. Member. How will the situation be improved by making such amendments in the articles, as suggested by him?

Shri K. K. Basu: I have not suggested any line.

Shri Bansal: The hon. Member has a particular instance in view. How will the minority shareholders, or the people who are looking after the interests of the daughters, be benefited by the kind of provision which the hon. Member has in mind?

Shri K. K. Basu: There are different types of shareholding, and they naturally have different rights. In the case of a private company, if the Government is satisfied that one class of shareholders is going to tyrannise or dominate over the other type of shareholders and that those rights run counter to the provisions which we are passing, then the Government will have the right to ask the particular company to amend its articles and fall in line with these provisions. Therefore, I do not say that all private companies should be put on the same par as public companies, but this right I would like to give to Government.

Regarding the earlier part of clause 86, I am not sure whether deletion will solve our problem. Some other amendment should be put in. Unfortunately I was late. It is too wide a power—the rights attached to shares as to dividend, capital or otherwise—which many of us do not wish.

The most important provision is the provision in clause 110. Before that, one point has also been urged by my friend, Shri Sadhan Gupta, that the percentage of shareholding should be reduced from 10 to 5. There will not be any harm because the court will be there and it will judge the soundness of the argument that the five per cent shareholders are giving. If there is a *prima facie* case, the Court may issue an injunction that the variation that has been sought by the majority shareholders shall not have any effect. Our experience is that it is very difficult often to get hold of ten per cent shareholdings. In many cases, usually the ruling party, who holds majority shares, will be on one side and a very small minority section, who might not see eye to eye with the ruling party, will be on the other side, and surely it must have a right to come to the court.

Shri C. D. Deshmukh: Which clause the hon. Member is referring to?

Shri K. K. Basu: Clause 106, which says:

> "If, in pursuance of any provision such as is referred to in section 105, the rights attached to any such class of shares are at any time varied, the holders of not less in the aggregate than ten per cent of the issued shares of that class, being persons who did not consent to or vote in favour of the resolution for the variation, may apply to the court to have the variation cancelled, and where any such application is made, the variation shall not have effect unless and until it is confirmed by the Court."

This right applies only if the percentage is ten, and I want it to be reduced to five, because knowing the position of the shareholders as they are today, we want to reduce it from ten to five.

Now I come to the most controversial clause so far, that is section 110. The Joint Committee also discussed this and I fully agree that it is much better to have some machinery set up by Government instead of a court. Apart from the delay in the court, it may not be possible always for the judge, in taking up such matters, to determine, apart from the *mala fides*, the economic effect of it. It is very difficult for the court to enter into such matters. Possibly they have to base their judgment *vis-a-vis* the facts that may be given by the applicant or on behalf of the company. Therefore, it is much better and more practicable if only the Central Government appoints such authority who will be in the know of the market position, apart from the Government's economic policies or their desire as to how the body corporate should work. It is much better to have that power given to the Central Government. But in view of doubts expressed by some of our friends here that Government may not always be right, I would only suggest, if it is possible,—unfortunately I have not tabled any amendment—that a provision should be made by which an appeal against the decision of the Government could lie with a court of law of competent jurisdiction. I do not agree with those friends that immediately they should go to a court of law. The expert machinery will be more competent to go into the matter than a court of law. If some such thing could be provided here or subsequently in this Bill, that is, appeal against the decision of the Government, then it will be better.

Shri Jhunjhunwala said that before they actually refuse, they should come to the Government, but he now says that in the case of such a decision, the other side should be given a hearing. If that is possible, well and good. If the administration of

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the Company Law could be decentralised to some extent, it may be easier so that a shareholder from Madras will not have to come to Delhi every time; it may somewhere near about.

Shri C. D. Deshmukh: This particular thing is likely to be decentralised because it is in a rare case where a particular view has to be taken of the passing of the control of the company and that is a matter which a Registrar or the Registrar-General is not likely to be able to handle.

Shri K. K. Basu: It may so happen. When there is a case of large-scale cornering which may involve a question of policy it is all right. But there may be cases where it may have just crossed the limit of private company; there may be a family jealousy or some other trouble and there it does not involve a very big question of change of control or policy. In those cases can this categorisation be made? A single shareholder having five or six shares have to come because their share has not been registered on the ground that the management do not like it. I would ask the Government to consider whether this categorisation can be made that a certain type of cases can be looked after by the Registrar-General because I understand that he will be quite a senior officer.

Shri C. D. Deshmukh: The point is that the small man is not likely to have such a complaint because registration is a matter of no moment in it: it is only a big man with a large block of shares who may have some grounds if his registration were refused by company for reasons of their own.

Shri K. K. Basu: That is a normal case. We have heard in Calcutta a case where it had just crossed the limit of the membership of 90 or 80 and there were some groups and they did not want any other groups to come. I fully agree with what the Finance Minister said but I hope some decentralised power can be given in cases not involving change of policy. I would request the Finance Minister to consider this because I am not moving some of the amendments I had tabled.

Pandit Thakur Das Bhargava: So far as clause 110 is concerned, I want to make one or two observations. According to the articles of association every shareholder agrees or is deemed to agree with the rest of his shareholders that the directors have got absolute power to disallow the transfer but in the articles of association it is not provided as to what should be the grounds on which such transfers should be disallowed and usually it happens that no grounds are given and therefore the transferee comes to Court. The question arises: was it due to the *mala fides* of the administration that they have disallowed the transfer. The persons who want the transfer are in a dilemma; they cannot ordinarily succeed in any court also because it is very difficult to prove *mala fides*. We do not define the circumstances or reasons or on what occasions this power should be exercised. If you can say that this should not be done on account of certain reasons then it is all right. If, for instance, as my friend said, some undesirable person comes on, you will say that. Usually it is so. But what is the quality of that bad man? If that person has already purchased a large number of shares and if it is clear that he wants to take possession of the entire company, I can understand that. After all according to the original agreement, it is quite clear that the transferee has agreed that he will not be able to transfer the shares at his sweet will and power has been given to the directors. The power yet remains with the directors. In what circumstances and for what reasons should the power be exercised? Unless and until that is made clear the courts and the Central Government will be in difficulty. With what allegations can he go to the court? He does not know why the transfer is not allowed. An attempt should have been made to put in the articles of association on what grounds the company could disallow the transfer of shares. For instance, I have got some shares and when I go to the company they say "disallowed". It is a good sale; consideration has passed and there is absolutely no reason why it should not be allowed to be transferred in the books of the company. I have purchased it in an open or private sale; my title is good; everything is good but only the rule comes against me. But the rule is there and I quite see the force of the law and I do not want the entire discretion to be taken away. But at the same time, I do want it may be defined under what circumstances and for what reasons, the power can be exercised because once it is defined, he can certainly come to the Central Government. If the reason is that this man is buying shares and cornering them and therefore the transfer may be disallowed, in a particular case it may not be true and he can go to the Central Government and say that this is not true or fair. Unless he knows the reason and the administration is forced to give reasons by some provision in the articles of association and you force them that the articles of association would be good only if they defined the reasons this difficulty will always be there and he will have no fair solution.

Mr. Deputy-Speaker: Are there any provisions in the Bill for making rules in connection with clause 110 and saying that the circumstances should be given.

Shri C. D. Deshmukh: When there is a representation in writing both parties are to be invited and I take it that representation will mean the particulars of the share that is to be transferred by each party and that will mean the reasons. There is distinction between defining reasons in the articles of association and giving reasons when an occasion arises. So far as giving the reasons is concerned, I take it that it will come under sub-clause (5) before the Government.

Pandit Thakur Das Bhargava: I have not been able to make myself clear. Let us examine it step by step. The company should not be allowed to disallow a transfer except for good reasons, for instance cornering. There might be some other reasons also. It is not a good reason that I am a bad man. If a person wants to usurp or corner I can understand and you may not allow it. But it should not be at their sweet will, without assigning any reason. How am I to specify the reasons while applying to Government? I do not know on what grounds it has been disallowed unless I know them.

Shri C. D. Deshmukh: I am assuming in the course of the enquiry you will be told all the reasons that have been advanced by the other party.

Pandit Thakur Das Bhargava: Where is provision for an enquiry? Who is going to tell me the reasons?

Shri C. D. Deshmukh: That can be provided by the rules.

Shri C. C. Shah: When there is an appeal to the Central Government, the Central Government will issue notices to the company under sub-clause (5) asking the company to show reasons why they refused and then the man will be called upon to reply those reasons.

Pandit Thakur Das Bhargava: I was asking this. What is your objection to make a provision in the articles of association?

Shri C. D. Deshmukh: It becomes justiciable which is the very thing we want to avoid.

Pandit Thakur Das Bhargava: It is not. According to the procedure, I apply to the company for a transfer and then it will be disallowed. They do not give any reasons. You may say that they must give reasons so that I may be able to concentrate upon those reasons.

Shri C. D. Deshmukh: If this is the sort of cases which are likely to come, up, both the parties would know very well what the reasons are.

Pandit Thakur Das Bhargava: As a matter of fact, I may tell the hon. Finance Minister that very often we do not know what the reasons are: the only reason is perhaps jealousy, perhaps the animosity between a managing director and the person who applies. In such cases transfers are disallowed without any reason being assigned. My hon. friend says that the company would be asked why they have done so. But your provision says that both the parties will be asked to give reasons. Either you provide that after one party has made the complaint the other party will be asked to give the reasons, or straightway provide that reasons for such refusals should be given. There is not even a provision for an enquiry. There is no reason to think that after you receive a reply from the company you will allow the aggrieved party an opportunity to controvert it. I may come with a blank paper to you.

Shri C. D. Deshmukh: Is there any reason which would prevent me from doing that?

Pandit Thakur Das Bhargava: What is the purpose of this law then? You ask me negatively, "where is the occasion for believing that you will not exercise those powers." After all this is a positive matter. If a person comes to you with a blank paper and says: "My application for transfer of shares has been disallowed" will you tell him the reasons?

Shri C. D. Deshmukh: Within the four corners of this section, one could make rules in order to elaborate that procedure: that is not barred by the substantive portion of the sub-clause.

Pandit Thakur Das Bhargava: That means at the first stage you do not want to provide. Why do you not provide for it but give arbitrary powers to the company. Secondly, you make a provision that you would enquire into the matter.

Mr. Deputy-Speaker: Even at the first stage rules can provide for it.

Shri C. D. Deshmukh: My answer is a general one: why do you want to provide something here which can be provided in the rules. One has to make a distinction between the statute and the rules.

Mr. Deputy-Speaker: Is there any provision for making such a rule?

Shri C. D. Deshmukh: There is a general section—"and for carrying out the purposes of this Act."

Pandit Thakur Das Bhargava: There is a general provision and principle that Government will not do wrong. Therefore, I am asking....

Mr. Deputy-Speaker: In any case after the statement of the hon. the Finance Minister here....

Shri C. D. Deshmukh: We are bound to take notice of every reasonable suggestion made by an hon. Member. It is that which helps us to make rules, apart from the specific important matters for which rules have to be made.

Pandit Thakur Das Bhargava: Supposing Government disallows the transfer. Then that man goes to court. Even then he does not know why Government has disallowed the transfer. He does not know on what grounds Government have approved the decision of the company and disallowed the transfer. In the court he has to prove *mala fides*. How can he show *mala fides* unless he knows what the grounds are? Unless and until you change the basic thing and you say that on these grounds alone a company can disallow, unless you do that, no justice will be done and there will always be difficulty; there will always be some conflict between the two parties. The aggrieved person will naturally feel that an arbitrary rule is coming in his way.

It may be difficult to define those conditions, but an attempt should be made to define circumstances in which a disallowance can be made. I would, therefore, humbly request the hon. the Finance Minister to kindly consider the point and see if he can do anything to put something in the articles of association, so that these arbitrary powers may not be left in the hands of certain persons.

Shri C. D. Deshmukh: I shall deal with these clauses in the order in which they occur. As regards clause 84, two or three points have been raised.

Mr. Deputy-Speaker: Does Dr. Krishnaswami want to speak? How long will he take?

Dr. Krishnaswami (Kancheepuram): About seven or eight minutes.

Mr. Deputy-Speaker: Then, I shall give him a chance.

Dr. Krishnaswami: I should like to deal with only five clauses: clauses 85 to 89. I have to make a few observations on these clauses and I hope the Finance Minister will consider them.

First of all we have made clear in this Bill that we are not going to give preference shareholders anything else except a few limited, rights. Now, preference shares are generally "charges" on capital rather than "equities" and it is considered not proper to give them equal voting rights with ordinary shareholders. Mr. Morarka's amendment, however, deals with preference shareholders' rights—rights which had already accrued and which be wants to do away with altogether. On this matter I should like to place before the Finance Minister two considerations which he may take into account. This clause can be made a permissive clause. There have been instances where preference shares were issued after the ordinary shares were issued and the managing agents have cornered these shares and achieved control. On the other hand, there have been cases where preference shares have been issued after ordinary shares and trustees have invested in these preference shares, because they naturally felt that they were as safe as debentures. It would be most unfair if we were to abolish these rights which have accrued.

Recent surveys which have been made of the holdings of preference shares by trustees have revealed the fact that they hold quite a sizable proportion of such securities. Therefore, in the present circumstances if we did away with their rights this would seriously affect the trustees and others who have invested in these on the basis of safe investment.

Shri C. D. Deshmukh: Does the hon. Member mean that disproportionate voting rights should be preserved?

Dr. Krishnaswami: I do feel that they ought to be preserved in certain cases.

Shri C. C. Shah: I think he is referring to sub-clause (a) of clause 89: he is opposing Mr. Morarka's amendment.

Dr. Krishnaswami: I am dealing with disproportionate voting rights also.

I feel that we should have disproportionate voting rights in the circumstances ruling in our country. I know that the basic principle is that those who have equal financial stake should have equal voting rights. As a principle it is excellent. But there are reasons for suggesting that we should have these disproportionate voting rights. My hon. friend Mr. Bansal has moved an amendment which on technical grounds has not been admitted. The amendment to clause 85 reads as follows:

> "Provided that Government shall have power to authorise the issue of any other kind of share capital in special circumstances carrying special voting rights."

Now, I should like to point out that Government are going to promote many public companies. Supposing, for instance, a group of foreign investors invest in a state enterprise a large amount of capital. Would it not be advisable on grounds of national interest for the Government to have shares which carried dispropor-

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tionate voting rights so that they might be able to exercise proper control over the company? It has to be taken into account. Of course, the Finance Minister might turn round and suggest: "We can exempt public companies altogether from the purview of the provisions of the company law and thus be in a position to issue shares with disproportionate rights." This I do not think would be a happy state of affairs and when that clause pertaining to exemption of nationalised companies comes up I shall have my say.

But apart from this consideration I should like to point out that disproportionate voting rights, while in certain cases have led to abuses, have in many instances led to capital development.

Shri C. C. Shah: May I point out to the hon. Member that under clause 87 there was such a power given to Government to exempt certain companies from the operation of that clause, but the Joint Committee amended that power. If he will see paragraph 42 of the Joint Committee's report, he will find that the joint Committee has said that there should be an absolute prohibition and that no power should be reserved to the Government.

Shri U. M. Trivedi: If it was there, it would have offended against the Constitution. That is why it has been taken out.

Dr. Krishnaswami: It would not have offended against the Constitution I think the Joint Committee acted unwisely as they have done in several instances in this Bill in having omitted this salutary provision which was part of the original Bill.

What I would like to point out is that there are economic circumstances which justify these disproportionate voting rights being given. I think while in certain cases there have been abuses in many other instances the small man, the man who is technically efficient but with relatively small capital and who has got disproportionate voting rights, is in a better bargaining position relatively to others who are merely financiers. What would happen is—and this fact has to be taken into account—that certain companies which have become prosperous might become the happy hunting ground for speculators and financiers who can in future purchase a sizeable proportion of the shares which will be on an equal basis with those held by the technical experts. In other words, it would be easy for the monopolists to corner shares and capture enterprises. Supposing, for instance, there is an efficient business. Let it be in any area such as Maharashtra or Karnatak or Tamil Nad. The man in charge or men in charge have certain voting rights and whether they are managing agents or a director-controlled company,—we need not go into that aspect for the moment—they are able, by a process of judicious management, to run the company well and the shares are quoted at a high price; in future there will be no check against outsiders coming in and buying shares of such companies to obtain their control due to abolition of disproportionate voting rights. If we make the voting rights equal on the principle of 'equal stake, equal voting rights', what would happen as that there would be a cornering of shares and some of these managements which have built up their companies through labour and industry would find them slipping out of their hands. I do not think it is the purpose, either of the Joint Committee or of the Finance Minister to promote such cornering. In fact, the trend of discussions in this House has been that we should, as far as possible, prevent an increase in monopoly, but by the abolition of disproportionate voting rights, we are likely to strengthen the hands of the monopolists in many cases. This would happen particularly in those areas and in those newer industries where a great deal of technical skill and industry have been spent in building them

Only about two days ago, we discussed possibilities of the Press being controlled by those who have knowledge of the craft. I can well imagine the constitution of companies for starting newspapers in which the editors and those who are craftsmen are given disproportionate voting rights. This would by itself act as salutary check on the financiers. Hereafter, as a result of the abolition of disproportionate voting rights, such companies cannot be found. So far as Government are concerned, the only way in which they can get out of this awkward situation in their dealings with foreign businessmen is to have the State sponsored companies exampted from the provisions of company law, but this I do not think, is a salutary method. I wish the Finance Minister would reconsider these things and have disproportionate voting rights in certain cases.

Mr. Deputy-Speaker: What will happen if the contrary is true?

Dr. Krishnaswami: That is why I am suggesting let us have a permissive clause. Let there be discretionary authority given to the Government. If we accept the principle of unequal voting rights in certain specified cases and if the Government are given the discretion to examine, I have no objection.

Mr. Deputy-Speaker: It is only a saving clause.

Shri Bansal: My amendment is only permissive.

Dr. Krishnaswami: Yes, the amendment is only permissive. Shri Bansal's amendment reads as follows:

> "Provided that Government shall have power to authorise the issuc of any other kind of share capital in special circumstances."

So, in special circumstances, Government can have the power to authorise the issue of such capital. The circumstances in which they can use their discretion can be put in the rule-making powers. It would be quite useful.

Mr. Deputy-Speaker: That is for the future also?

Dr. Krishnaswami: Yes, also for the future. I should wish this to be considered because it would be useful from many points of view.

Shri C. D. Deshmukh: One difficulty in dealing with this discussion has been that in many cases hon. Members have expressed wishes or made suggestions which have not taken a specific form or, if they have taken that form, those amendments have, for one reason or another, either not been admitted or not been moved. Now, at this stage, even if one were inclined to think that there was something in the arguments, it is almost impossible to suggest a suitable form of words....

Mr. Deputy-Speaker: Does the hon. Minister mean that with respect to any notice of amendments that might have been given, Government is willing to accept those amendments and that there is a technical difficulty?

Shri C. D. Deshmukh: Now, that position does not hold today, because those amendments which were not admitted yesterday have been admitted today, but I refer particularly to wishes or suggestions made by hon. Members which have not taken the form of amendment at all. It really seems to me to be fruitless at this stage even to consider all those matters.

Pandit Thakur Das Bhargava: With due deference, I would very humbly point out that this will not be the right approach. In this House we have been, even at the nick of the moment, given amendments and they have been accepted. Even suggestions from the Chair without any specific amendment have been given effect to. We are all here to see that consideration is given to everything.

Mr. Deputy-Speaker: All that the hon. Minister says is that even now there is no amendment.

Pandit Thakur Das Bhargava: He can draft an amendment if he is willing.

Shri C. D. Deshmukh: That is putting too much of a burden on the Minister in charge. I can say a small word here and there, and it might be possible, but I should imagine that is an untidy procedure. I have known many instances even in my short parliamentary experience of bad drafts having been accepted on the spur of the moment and having formed part of the laws passed by us. So I think generally that unless there is some kind of amendment it is not easy to deal with those suggestions. But so far as the particular suggestions made by the hon. Member, Pandit Thakur Das Bhargava, are concerned, it is not even in that form. I do not know how to include that on the spur of the moment here, in this particular subclause.

Pandit Thakur Das Bhargava: If the hon. Minister agrees, we can certainly adjourn discussion on that particular issue if he is willing to consider some amendment.

Shri C. D. Deshmukh: I do not consider it as important as all that. But as a matter of procedure, I think it can be provided for by rules. I have assured him that I shall take note of what he has said when the rules are framed. It is a very simple matter to say that certain representations have been received.

Pandit Thakur Das Bhargava: I do not refer to my amendment alone.

Shri C. D. Deshmukh: I am speaking with reference to his amendment.

Pandit Thakur Das Bhargava: If it is acceptable to him, he has the means to adopt it.

Shri C. D. Deshmukh: I have made an exception.

Mr. Deputy-Speaker: The hon. Minister says that he will provide for them in the rules.

Shri C. D. Deshmukh: In regard to that particular amendment, I see no difficulty. Even if there is a suggestion and even if we cannot do very much about it except by adjourning, I say that there is a way out, and one could consider it when rules are framed. That is the general observation I would like to make.

In regard to clause 84, there is some confusion, I think, with respect to the tax-free dividends. The law by itself does not permit or does not prohibit the issue of tax-free dividends in regard to preference shares or any other form of shares. It only takes note of the fact that certain dividends may be tax-free. Now, whether that is tax-free or not, the question of its being tax-free arises because we say it is a fixed dividend. In trying to define a preference share, we say 'fixed dividend'. Now, where a dividend is tax-free, the gross dividend really is not a fixed quantity and it seems to me that for that purpose, the law has said that whether it is taxed or tax-free, it is only to define or to enlarge the meaning of fixed dividend. Therefore, it is not a substantive clause.

Secondly, I think the hon. Member Shri Sadhan Gupta—I do not know all their constituencies, but when I once painstakingly use the constituencies, other hon. Members complain that they could not identify the Members......

Shri C. C. Shah: It is not possible here.

Mr. Deputy-Speaker: There are as many as 500 constituencies.

Shri C. D. Deshmukh: Shri Sadhan Gupta has said that this was unfair on the small shareholder, because apparently, somehow he thought he had to bear the burden of the tax which would have to be paid by the bigger shareholder. I believe that he is not familiar with the way in which this is calculated. The sum and substance of the situation is that the company pays at a certain rate—four annas—and then note is taken of the fact that the pre-payment has been made. Then, when a particular shareholder's income-tax is assessed, when the probable income-tax is assessed, note is taken of the fact that a part of it has been prepaid by the company. It has no other meaning. Indeed, in some cases, where a man is entitled to a refund, he obtains a refund. Therefore, there is nothing of an enormity in this matter. In other words, really the term "tax free" is somewhat misleading. They are tax free in other sense under the privilege given by our law in regard to the new companies when we say that for the first five years if the dividend does not exceed 6 per cent. then it will be tax-free. That is a different kind of tax-free exemption. So far as these dividends are concerned, I have got a long note on it, but because I think most hon. Members have followed the point, it is not necessary to enlarge it. There is nothing in this particular point that need alarm hon. Member.

2 P.M.

I now come to clause 85. That was in connection with the question of giving the power to Government to have preference shares with either disproportionate rights or any other rights not given here. Much may be said on both sides; whether it would be advantageous at all depends upon what sort of situation one conjures for oneself. If one thinks of the good and virtuous man who has nursed and fostered an industry, he feels very sorry for him; the law ought to enable him to continue his hold on the company for the good of the company. But there is no guarantee that that particular virtuous man will keep his hold for ever; after sometime when he finds that the premium on the shares is very high, he may be inclined to sell it to someone who he thinks is more capable than himself, in which case the whole scene will change and then we shall be faced with all kinds of abuses which we have been trying to remove. Therefore, I think that the Joint Committee has done rightly in taking away this power, because, as I said, the incidence of malpractices that has come to our notice has been too large for us to connive at it and in the beginning at any rate, it is best to be severe. If in the light of experience, we find that the number of virtuous men in the business world is increasing very fast, as I hope it would be, then it must be possible for us....

Shri K. K. Basu: It is a possibility.

Shri C. D. Deshmukh: Yes, it is a possibility; the whole law is based on that optimism.

Shri K. K. Basu: The definition has been changed.

Shri C. D. Deshmukh:....it may be possible for us to consider the matter and to see if, with the necessary safeguards, we could restore some sort of a clause like the one that has been removed. So much about clause 85 and the amendments of Shri Krishnaswami and Shri Bansal.

Then I come to clause 87. Here again, it is urged that so far as the director-managed companies are concerned....

Shri Tulsidas (Mehsana—West): That is on clause 89.

Shri C. D. Deshmukh: That also arises out of these disproportionate rights and I may deal with it as well now. The idea is that director-managed companies are somehow different from those managed by managing agents. It is true, as I said the other day, that one need not take it as axiomatic that all abuses that have come to notice are due to the managing agents. In other words, one does not know what would have happened had all these companies been managed by directors for a number of years so far as one's experience goes, it is the men who are acting on these things that matter. That is to say, by changing the system, you are not going to change the men who are playing a predominant role in the world of business. It may be

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that the managing agent of today may be the tycoon, the forceful director of tomorrow. Therefore, one is somewhat conservative in trying to give to director-managed companies powers which we are not prepared to give to managing agents. As you know, there is a saying in Sanskrit:

> ग्रावतेबुद्बुद तरण्गमयान्वि कारान् ।
> ग्रते यथा सलिलमेव तु समभ्रम ।।

> "It appears in the form of a vortex or bubble or wave, but it is water all the time."

I am not quite sure if in this business world also we are not dealing with water all the time, whether it is a vortex, or whether it is a bubble or whether it is a wave. Here also, a certain amount of caution is required before we relax these conditions for another system of management. I think the hon. Member who has made this suggestion believes in it, that we are putting too many restrictions on good people, because some bad people have mismanaged some companies. Although I have a great deal of sympathy for him, nevertheless, I feel fearful of accepting the kind of amendments that he has proposed.

Shri A. K. Gopalan (Cannanore): But no active assistance.

Shri C. D. Deshmukh: Yes, there is a great deal of sympathy but no active assistance.

Shri Bansal: At the moment.

Shri C. D. Deshmukh: Yes, only at the moment. I am always prepared to look at these things in the light of experience.

Shri Tulsidas: Am I to take it that thereby the hon. Minister feels that in future it would be better to have director-managed companies, if the system of managing agency is not encouraged?

Shri C. D. Deshmukh: As I said the other day, it is not possible to predict the choices of people under the uncertainties which hang over them. In five years' time, I do not know what the composition of the industrial world will be. It may be that many managing agents may liquidate themselves; many will turn themselves into something else. I am quite certain that most of the new companies which will be started will be director-managed companies. As I said the other day, I know of a company which was floated recently very successfully and that has got a managing Agent. They certainly have faith in themselves and in the future.

Shri Tulsidas: I have one other point. As you know, the banking and insurance companies were formerly under the managing agency system; they have reverted back by force to the non-managing agency system and there has not been so much progress. There is a certain amount of evidence for this.

Shri C. D. Deshmukh: In no other country in the world is banking so rigorously regulated as in this country. In other words, there is nothing corresponding to the Reserve Bank of India in other countries. The Act concerning the banking companies was passed in 1949 and since then for the last six years and even before that, banking has been very rigorously controlled. There again, we cannot get experience unless we exercise most of these powers that have been vested in us for a number of years. Before that I cannot make a statement which would either confirm or refute the statement that the hon. Member has made. As regards insurance companies, I am not quite sure whether they have given a good account of themselves; so I would not make any statement in this regard. Even after the law has been passed, I am not satisfied that the last amendment of the law has been successful from that point of view. We are trying to deal with many abuses in the insurance world......

Mr. Deputy-Speaker: There is a Board and a Controller. But he is a young man and there is no such institution like the Reserve Bank to which the Controller is responsible.

Shri C. D. Deshmukh: That may be the reason. He is young in years.

Then I come to clause 88.

Shri Tulsidas: My amendment to clause 87 has not been replied to.

Shri C. D. Deshmukh: So far as clause 87 is concerned, my reading of the situation is that the moment you issue a share which has other rights, which carry voting rights which are disproportionate to rights attaching to ordinary shares, any kind of voting rights or any kind of other advantages as to dividend, capital or otherwise, then it becomes a preference share. In other words, we have defined preference share in such a way that any share of that kind will become a preference share as soon as it is issued, and then when it becomes a preference share, under clause 86 it will have only restricted voting rights. Now, what I understand the hon. Member wants is that it should be possible to issue shares which are not preference shares in the ordinary parlance and therefore which should not be regarded as preference shares. They should be regarded as a species of equity shares and therefore it should not come within the mischief of clause 86 in regard to the limitation of voting rights. For that matter, what was wanted was not this amendment to clause 87 but a different definition of preference shares. Now, that amendment he has not given, and that illustrates the difficulty to which I referred in the beginning that hon. Members sometimes have intentions or interpretations which are not portrayed or reflected in the amendments of which they have given notice, and it is not possible at the last minute to think of some suitable form, because at least the Members of the Joint Committee will realise that these clauses took us days before we could settle on the definition of preference shares and determine on voting rights. And that is the reason why I am sorry I cannot accept the amendment that is suggested in regard to clause 87.

Now I come to clause 88. In regard to clause 88, the only point made was that three years is too long a period.

Mr. Deputy-Speaker: Reduced to one year.

Shri C. D. Deshmukh: Now there is a definite amendment, No. 453 by Shri Gadgil. This period of three years was put in the Bill when it was framed originally. Already a couple of years, I think, have passed and the holders of these shares have therefore, in effect, exercised the rights which they would have exercised had the law been passed then. In other words, two years out of the three have already passed and therefore they have had the advantage of exercising these rights, and I am therefore inclined to accept the amendment of Shri Gadgil that only one more year would be sufficient. I think it is well known that most of these shares are really deferred shares which have been kept by people specifically for the purpose of control, and it is also common knowledge that this control has not always been exercised in a beneficent kind of way. Therefore, I think one year is a sufficiently long rope for these voting rights, and that they should go after one year from the commencement of the Act.

Shri C. C. Shah: I may point out that there will have to be a corresponding amendment to line 8 in sub-clause (3) in page 51.

Shri K. K. Basu: It has to be done.

Shri C. D. Deshmukh: That is right. That will be a purely consequential, almost drafting change.

Mr. Deputy-Speaker: Wherever "three" occurs, *substitute* "one" in that clause.

Shri C. D. Deshmukh: Then there is another amendment to sub-clause (2) of clause 88—amendment No. 394. I accept the substance of this amend-

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ment in regard to the appointment of directors. That is to say, you do not allow them to exercise these rights in regard to managing agents and so on, but they might come by the backdoor, so to speak by the appointment of directors, and if one has to be logical, then I think one must agree that in the case of the appointment of directors, also, they will not exercise these disproportionate voting rights. Now it is a matter of only one year, it is not a matter of three years, but nevertheless I think they should not. But so far as the form of the amendment is concerned, I would suggest this:

> Page 50, line 43—
>
> *before* the words "of a managing agent", *insert* the words "of a director or".

Shri K. K. Basu: Nomination or appointment.

Shri C. D. Deshmukh: I think the word "appointment" will cover that.

The Minister of Legal Affairs (Shri Pataskar): "Appointment of director" is the correct thing.

Shri C. D. Deshmukh: We have got the green light from the Minister.

Shri K. K. Basu: He is more concerned with affairs.

Shri Pataskar: It is all legal.

Shri C. D. Deshmukh: Again:

> Page 50, line 45 —
>
> *before* the words "its managing agent" *insert* the words "a managing or whole-time director thereof or".

It effects the same change. If the House will be pleased to accept this amendment in this amended form, I accept it.

Then we come to this important issue of what one should do in regard to existing preference shares apart from this question of disproportionate voting right. I should like to give a little more factual information here.

There are preference shares which seem to partake of the character of both equity shares and preference shares as we know them to mean in common parlance. Here is one company. The first preference shares are entitled to a cumulative preference dividend at the rate of 4½ per cent. per annum free of tax. The B shares are entitled to 4½ per cent per annum free of tax after payment of the dividend to first preference shares. The participating preference shares are entitled to a fixed cumulative dividend at the rate of 5 per cent. per annum free of tax after payment of the above dividends, and to a further share of profit equal to 50 per cent. of the profit remaining and available for dividend, after payment of dividends to preference shares as indicated above, the ordinary shares being entitled to a share of the profit equal to the balance of the 50 per cent. That is one case.

Then, in another case the preference shares are also entitled to participate with ordinary and deferred shares in dividend up to 10 per cent. when declared in any year but shall not have any right to further profits.

Then, in the third case, the preferred ordinary shares shall carry the right to receive out of the profits available for dividend in each year a fixed preferential dividend for such year at the rate of 5 per cent. per annum and also the right to participate in the surplus profits available for dividend in such year rateably with the ordinary shares in proportion to the capital paid-up on such shares whether preferred ordinary or ordinary. There are many cases, and I have called about four here. The last one is the case of preference shares which are entitled to a fixed cumulative tax-free dividend at 6 per cent. per annum, and also to a right to an extra non-cumulative dividend of 2 per cent. per annum on such paid-up capital out of the surplus profits, after paying dividend at 7 per cent. on the ordinary shares. So, one does not know which is the preference share, and which is the ordinary equity share. There is one more example. And that is that preference shares are entitled to a fixed cumulative preferential dividend of 5 per cent. per annum, and after the ordinary shares have been provided with a similar dividend, to participate in a further dividend of one per cent. per annum rateably witn ordinary shares up to a maximum of 10 per cent.

So, we do not really know what is the distribution of these kinds of shares, preference and equity as we understood in the old days, or preference and equity as they would be defined now. And it may be that in some companies the important shares are really the preference shares. Therefore, to say now that the company, so far as the old companies are concerned is owned by the equity shareholders and not by the preference shareholders may not be correct. In the second place, as I said, one does not know who is who, who is a preference shareholder and who is an equity shareholder. That is the principal reason why we thought that we should not grope in this dark in regard to these 30,000 campanies, until we have a very clear statistical picture, and even then until we can analyse the implications of it, we should not be justified in interfering with existing rights of voting except disproportionate voting rights which, we are convinced, are an abuse. Now, therefore what is the criterion? The criterion is: After accepting the principle, has one come across cases where abuse is rampant? We know that so far as disproportionate shares are concerned, abuse was rampant, and therefore we said, no matter what the rights of parties might have been in the past, we should not have disproportionate shares. And indeed the Joint Committee went so far as to say, we shall not give power even to the Central Government to make any exemption in regard to this particular matter, because we feel very strongly. Now, I have respect for that point of view, and I have accepted it.

So far as the other rights are concerned, I do not clearly see the justification for taking away their right to speak on other matters if they have equal rights, and not only when their dividends and other things are in jeopardy. In the light of that, what Shri Morarka said in his very able exposition of the case is really beside the point. He has quoted Palmer, Gower, Levy and Ballantine. All these worthy gentlemen only prove the principle which we have accepted, that in the case of preference shares generally one would find that they are fixed creditors, so to speak. After 50 years of conflicting rules in courts, one seemed to have come to the conclusion that they are fixed creditors, and therefore, they should not have votes except when their particular interests are in jeopardy. Then, those conditions are prescribed in clause 87 or whatever it is. But that principle we have also accepted. We say that so far as preference shares in future are concerned, that shall be the case. Now, it does not involve any injustice to anybody, because people will be putting their money into these ventures with their eyes open. But that is no reason why we should interfere with the somewhat inquiet state of rights existing as between preference shareholders and equity shareholders. There is one very important difference between the state of affairs there in the countries to which these rulings relate, and our country. Palmer, Gower, Levy and Ballantine are speaking of a state of affairs where the law has not interfered in the matter. What they are tracing is the historical growth of the incidence of voting rights as between preference shares and equity shares. What they say in effect is that in the past, originally, it was customary to give voting rights in the same way to the preference shareholders as to equity shareholders. Then, as traditions developed, and rulings came from the courts, it was realised that they were really

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more in the nature of fixed creditors, and therefore, they should not have those voting rights, because a greater degree of freedom should be left to the equity shareholders, who so to speak had to pay the hazards of the situation to make decisions. As I said, that is a historical growth, but one must remember that in these countries, all these matters are ordered by the provisions of the articles. In other words, if the articles say that the voting will be this way, then it will be this way. Therefore, you will find in an article belonging to 1910, there is one kind of arrangement; in another article belonging to the year 1950, there will be another arrangement. But the law has not said that the arrangement which existed according to the articles in 1910 shall be changed so as to bring it into line with those in 1950: whereas, what is suggested here, when we make a new law and when we accept that principle which shall affect all the existing powers of the preference shareholders, is that that seems without sufficient justification. Therefore, I am unable to accept either Shri Morarka's or any other arguments or amendments in this particular sense. And I think that the scheme which has been adopted by the Joint Committee is the most equitable in the circumstances. That is as regards clause 89.

Then, there was a small point about the definition of 'cumulative' and so on. As I said while moving my amendments, we cannot really find a very satisfactory definition. Our legal advisers say that all these definitions are not really satisfactory; and perhaps they are unnecessary, and I fear that we shall have to leave the thing as it is. I enquired whether a definition of 'cumulative preference shares' had been attempted in any other law, either USA or UK and so on. I have not verified it, but I have been told that no such definition occurs. If so, I think, like the 'camel' we better leave the 'cumulative preference shares' undefined. When we see the animal, we can at once recognise it, but is very difficult to put a definition of a camel into a statute.

I come next to clause 92. There is the question of whether 'may' should be 'shall' and so on. But that is not the only issue. I thought at first that the issue raised was purely a matter of drafting as to whether 'may' shall be construed as 'shall'. But what Shri Sadhan Gupta wants is that the whole of the phrase 'if so authorised by its articles' shall be omitted. In other words, he thinks that the moment a man pays more, then he should be entitled to a larger dividend. And there is history to this matter. In the old days, on every share the same dividend was paid, no matter what a man paid; in other words, it was in the opposite sense of what has been advocated by Shri Sadhan Gupta. For a long time, that was regarded as the natural thing to do. Then, the English law came to adopt this arrangement, which we have taken from them, namely that only if so authorised by the articles they should be paid, otherwise they need not be paid. That is section 59 (3) of the English Act. And there is a possibility that this thing might be misused. People might deliberately put some more money in, and ask the founders and others to provide for it in the articles, and then they might get some kind of advantage. After all, as Shri C. C. Shah has pointed out, if the companies did not really ask for the extra amount, then, only if there is a previous agreement they need be paid; otherwise, if it is made available by the shareholders of their own accord, that is no reason by itself why they should get additional dividend. I think it would be best to leave the matter as it is. Therefore, I am unable to accept amendment No. 448.

Shri K. K. Basu: That has not been moved, because you did not waive notice.

Shri C. D. Deshmukh: Yes, I took objection. I take a note of it. I forgot that it has not been accepted even in today's paper.

Shri K. K. Basu: It is not in the list of amendments moved.

Shri T. B. Vittal Rao: It is already 2-30 P.M.

Shri C. D. Deshmukh: So, one need not take notice of what he has said.

Mr. Deputy-Speaker: How long is the hon. Minister likely to take?

Shri C. D. Deshmukh: I have dealt with most of the points except clause 110. In regard to clause 110 I think I have already dealt with the points raised by Shri U. M. Trivedi and my point of view has been supported by some Members including Shri K. K. Basu. I do not really think that the arrangement suggested by Shri Jhunjhunwala will serve any purpose. It is obvious that he feels very strongly about it and if his amendment is not accepted then one would be inclined to say: "Oh! the pity of it." But, I have a good reason why I am not able to accept it and that is that a period of two months is required for the company to make up its mind and some period will be required for Government to make up its mind. Since these two parties will be involved in this decision even under his scheme the company is bound to take a little time before it decides whether it will in accordance with his policy accept the transfer or not. When it goes to Government, then Government also will take a little time. Therefore, I do not think it is going to save time and it might only introduce this complication that Government would have to act *ex-parte*, in the first instance; because, when a company goes to it and says: "We feel, in this case the transfer should be refused" it will always have the good reason that it is a bad man and that is all the evidence that the Government will have before it. Therefore, it seems to me that nothing is to be gained by accepting his amendment and we shall try and secure, the point by having proper rules and perfecting the procedure in this matter, that we give as quick a decision as possible, leaving only the question of *mala fides* which would be a very rare case to be decided by the courts.

Sir, I think I have covered most of the important points. There is only one small amendment of Shri Tulsidas which I am inclined to accept and that is amendment number 188 to clause 139. I think it is right that when the registrar acts under 138 instead of clause 137 the company would not know anything about it because no intimation has been received. It is only in clause 137 that the company will say that satisfaction has been given; but where a memorandum of satisfaction has been recorded under clause 138 the company may be in entire ignorance of it. Therefore, there is no question of "if so required" and I think he is right in saying that these words should not be there and it should be an absolute duty cast on the registrar to give a copy. Therefore. I have great pleasure in accepting his amendment number 188.

I have dealt with most of the points.

Mr. Deputy-Speaker: Now, I will put the clauses and the amendments to the vote of the House. There are no amendments to clauses 81 ,82 and 83.

The question is:

"That clauses 81 to 83 stand part of the Bill."

The motion was adopted.

Clauses 81 *to* 83 *were added to the Bill.*

Mr. Deputy-Speaker: The question is:

Page 48, sub-clause (1) line 24 and lines 29 and 30—

in paragraph (b) *after* the words "winding up", in both the places where they occur *insert* the words "or repayment of capital".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

"That clause 84, as amended, stand part of the Bill."

The motion was adopted.

Clause 84 as amended, was added to the Bill.

Mr. Deputy-Speaker: The question is:

"That clause 85, stand part of the Bill."

The motion was adopted.

Clause 85, was added to the Bill.

Mr. Deputy-Speaker: The question is:

Page 49—

In lines 13 and 14, *for* the words "Sections 87 and 88" *substitute* the words "Section 88".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

Page 49, line 28—

In the Explanation to sub-clause (2) (a), *before* the work "reduction" *insert* the words "repayment or"

The motion was adopted.

Mr. Deputy-Speaker: The question is:

Page 49-50—

for the existing Explanation 1 to sub-clause 2 (b), *substitute* the following:

"*Explanation.*—For the purposes of this clause, dividend shall be deemed to be due on preference shares in respect of any period whether a dividend has been declared by the company on such shares for such period or not—

(a) on the last day specified for the payment of such dividend for such period, in the articles or other instrument executed by the company in that behalf; or

(b) in case no day is so specified, on the day immediately following such period."

The motion was adopted.

Mr. Deputy-Speaker: The question is·

Page 50, lines 4 to 11—

Omit Explanation II to clause 84 (2) (b).

The motion was adopted.

Mr. Deputy-Speaker: The Member concerned has not stood up. So, the other amendment I take it, is not pressed.

The question is:

"That clause 86, as amended, stand part of the Bill."

The motion was adopted.

Clause 86, as amended, was added to the Bill.*

Mr. Deputy-Speaker: The question is:

Page 50, lines 22 and 23—

Omit "or rights in the company as to dividend, capital or otherwise".

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clause 87 stand part of the Bill."

The motion was adopted.

Clause 87 was added to the Bill.

Mr. Deputy-Speaker: There is amendment No. 394 to clause 88.

Shri C. C. Shah: Instead of amendment No 394 the hon. Minister has moved another amendment.

Mr. Deputy-Speaker: It stands in the name of Shri K. P. Tripathi.

Shri C. D. Deshmukh: It was moved by Shri K. P. Tripathi. I am prepared to accept it if it is redrafted in the way it has been given by me.

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*In par. (c) of sub clause (2) of clause 86, line 15, the figures and word "87 and" were omitted as patent error under the direction of the Speaker.

Mr. Deputy-Speaker: Why should he not move it?

Shri K. P. Tripathi: I accept the alteration.

Mr. Deputy-Speaker: Who is to move and who is to accept? Very well. I will put the amended amendment as moved by Shri K. P. Tripathi and accepted by the Government.

The question is:

Page 50—

(i) line 43—

before the words "of a managing agent" *insert* the words " of a director or"

(ii) line 45—

before the words "its managing agent" *insert* the words "a managing or whole-time director thereof or".

The motion was adopted.

Mr. Deputy-Speaker: Then there is amendment No. 453 in the name of Shri Gadgil.

Dr. Krishnaswami: He is not here.

Mr. Deputy-Speaker: May not be here; but the amendment is before the House. The House cannot make a man a woman and a woman a man; but these matters of procedure can always be waived. He need not be here.

The question is:

Page 50, line 32—

for "three years" *substitute* "one year".

The motion was adopted.

Mr. Deputy-Speaker: Amendment No. 453 is carried and a consequential amendment is carried in similar terms to sub-clause (3).

There are no more amendments to clause 88.

The question is:

"That clause 88, as amended, stand part of the Bill"

The motion was adopted.

Clause 88, as amended, was added to the Bill.

Shri N. P. Nathwani: I press my amendment No. 175.

Mr. Deputy-Speaker: What about the hon. Minister?

Shri C. D. Deshmukh: I am not accepting it.

Shri Tulsidas: I press amendment No. 176.

Mr. Deputy-Speaker: The question is:

Page 51—

omit lines 27 to 30.

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 51—

(i) line 32, *after* "company" *add* "or"; and

(ii) *after* line 32, *add*:

"(c) apply to a public company or a subsidiary of a public company, which is not managed by a managing agent or secretaries and treasurers".

The motion was negatived.

Mr. Deputy-Speaker: The other amendment, I take it, is not passed.

The question is:

"That clause 89 stand part of the Bill "

The motion was adopted.

Clause 89 was added to the Bill.

Mr. Deputy-Speaker: There are no amendments to clauses 90, 91 and 92.

The question is·

"That clauses 90 to 92 stand part of the Bill "

The motion was adopted.

Clauses 90 to 92 were added to the Bill.

An Hon. Member: We have got Private Members' Business.

Mr. Deputy-Speaker: I will allow some more time after five o'clock.

Shri U. M. Trivedi: I press amendments Nos. 115 and 116.

Mr. Deputy-Speaker: The question is:

Page 52, line 32—

add at the end "except the exercise of the power under clause (e) of sub-section (1)".

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 52—

omit lines 33 to 35.

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clause 93 stand part of the Bill".

The motion was adopted.

Clause 93 was added to the Bill.

Mr. Deputy-Speaker: There are no amendments to clauses 94 to 109.

The question is:

"That clauses 94 to 109 stand part of the Bill."

The motion was adopted.

Clauses 94 to 109 were added to the Bill.

Mr. Deputy Speaker: I will put the Government amendments to the vote of the House first.

The question is:

Page 59, sub-clause (1)—

in line 39, *for* "sections 107 and 109" *substitute* "sections 107, 108 and 109".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

Page 59, sub-clause (1)—

in line 40, *after* the words "refuse to register the transfer of *insert* the words "or the transmission by operation of law of the right to,"

The motion was adopted.

Mr. Deputy-Speaker: The question is:

Page 59, sub-clause (2)—

in line 44, *after* the words "any such transfer," *insert* "or transmission of right".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

Page 59, sub-clause (2)—

in line 45, *after* the words "the instrument of transfer", *insert* the words "or the intimation of such transmission, as the case may be,".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

Page 59, sub-clause (2)—

in line 47, *after* the word "transferer" *insert* the words "or to the person giving intimation of such transmission, as the case may be".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

Page 60, sub-clause (3)—

in line 5, *after* the word "transfree" *insert* the words "or the person who gave intimation of the transmission by operation of law, as the case may be,".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

Page 60, sub-clause (3)—

in lines 8 and 10, *after* the word "transfer" *insert* the words "or transmission".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

Page 60, sub-clause (4)—

in the 12, *omit* the words "by the transferer or transferee".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

Page 60, sub-clause (4)—

in line 15, *after* the word "transfer" *omit* the comma and *insert* the words "or transmission.".

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 60, sub-clause (5)—

in line 21, *after* the words "to the company," *insert* "and also to".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

Page 60, sub-clause (5)—

in lines 21 and 22, *after* the words "transferer and the transferee", *insert* the words "or, as the case may require, to the person giving intimation of the transmission by operation of law and the previous owner, if any,".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

Page 60, sub-clause (5)—

in line 24, *after* the word transfer" *insert* the words "or transmission."

The motion was adopted.

Mr. Deputy-Speaker: The question is:

Page 60, new sub-clause (8)—

after sub-clause (7), *add* the following sub-clause:

"(8) In the case of a private company which is not a subsidiary of a public company, where the right to any shares or interest of a member in, or debentures of, the company, is transmitted by a sale thereof held by a Court or other public authority, the provisions of sub-sections (3) to (7) shall apply as if the company were a public company; provided that the Central Government may, in lieu of an order under sub-section (5), pass an order directing the company to register the transmission of the right unless any member or members of the company specified in the order acquire the right aforesaid within such time as may be allowed for the purpose by the order, on payment to the purchaser of the price paid by him therefor or such other sum as the Central Government may determine to be a reasonable compensation for the right in all the circumstances of the case".

The motion was adopted.

Shri U. M. Trivedi: I press my amendment No. 117.

Shri Tulsidas: I press amendments Nos. 180, 181, 182 and 184.

Mr. Deputy-Speaker: The question is:

Page 59, line 47—

add at the end "and giving its reasons therefor"

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 60, line 7—

for "the Central Government *substitute* "the High Court".

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 60, lines 12 and 13—

for 'the Central Government" *substitute* "the High Court".

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 60, line 20—

for "the Central Government" *substiute* "the High Court".

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 60, line 27—

for "the Central Government" substitute "the High Court".

The motion was negatived.

Mr. Deputy-Speaker: The other amendments, I take it, are not pressed. The question is:

"That clause 110, as amended, stand part of the Bill".

The motion was adopted.

Clause 110, as amended, was added to the Bill.

Mr. Deputy-Speaker: There is an mendement to clause 112. But no one has stood up; it is not pressed. I shall put clauses 111 to 138.

The question is:

"That clauses 111 to 138 stand part of the Bill."

The motion was adopted.

Clauses 111 to 138 were added to the Bill.

Mr. Deputy-Speaker: Now, we come to clause 139.

Shri Tulsidas: My amendment No. 188 is there.

Shri M. C. Shah: It has been accepted.

Mr. Deputy-Speaker: The question is:

Page 71, line 30—

omit "if so required".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

"That clause 139, as amended, stand part of the Bill."

The motion was adopted.

Clause 139, as amended, was added to the Bill.

Mr. Deputy-Speaker: The question is:

"That clauses 140 to 143 stand part of the Bill."

The motion was adopted.

Clauses 140 to 143 were added to the Bill.

Mr. Deputy-Speaker: The question is:

Page 73, *after* line 18—

insert the following paragraph as a sub-paragraph of this clause

"Nothing contained in this section shall be deemed to affect the relative priorities as they existed immediately before the commencement of this Act, as between charges on the same property".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

"That clause 144, as amended, stand part of the Bill."

The motion was adopted.

Clause 144, as amended, was added to the Bill.

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS
THIRTY-FIFTH REPORT

Mr. Deputy-Speaker: We shall now take up Private Members' business.

Shri Altekar (North Satara): I beg to move:

"That this House agrees with the Thirty-fifth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 24th August, 1955."

Discussion on the Resolution which was moved by Shri A. K. Gopalan had run for only one minute. Therefore, the whole of the time allotted for it, except one minute, is to run. Then there will be a few minutes left. The time allotted for the other Resolutions is as stated in the Report. I request that the House do accept it. I also request that as about 20 minutes have been taken by Government business, 20 minutes may be added to this business and we may continue till 5-20 P.M. today.

Mr. Deputy-Speaker: Motion moved:

> "That this House agrees with the Thirty-fifth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 24th August, 1955."

Shri Ramachandra Reddi (Nellore): The Resolution of Shri A. K. Gopalan's is a very important one and the time of two hours allotted for it will not be sufficient. As a matter of fact, if there is an unsatisfactory and insufficient discussion in the House, it will create a very wrong impression both in the House and elsewhere. I would therefore suggest that the time might be extended by another two hours so that more hon. Members may have an opportunity of participating in the debate on this resolution.

Mr. Deputy-Speaker: It is true: but there is a procedure that is prescribed under the rules. The Mover makes a motion and the usual practice is to move an amendment to that. There is no amendment that has been tabled here today. But, however, is it the desire of the House that the time allotted to this resolution should be extended?

Some Hon. Members: Yes.

Mr. Deputy-Speaker: Is it the desire of all sections of the House?

Shri Altekar: I would like to know extension of time for which resolution is being suggested.

Mr. Deputy-Speaker: First resolution.

Shri Altekar: That was accepted last time by the House. The time now allotted is for resolutions Nos. 2, 3 and 4. I think that has already been accepted by the House and it cannot be altered at this stage.

Mr. Deputy-Speaker: Then why did the hon. Member refer to it here?

Shri Altekar: I referred to it only by way of mentioning that time had been allotted last time.

Mr. Deputy-Speaker: Whatever unnecessary thing that is stated brings about some trouble and complication. I am afraid long ago the House accepted two hours.

Shri K. K. Basu (Diamond Harbour): Sir, this is a new motion.

Mr. Deputy-Speaker: He only referred to it in his speech.

Shri K. K. Basu: The new motion says that out of the two hours allotted for this resolution, one hour and fifty-nine minutes are left. Now, Mr. Reddi wants to move an amendment that it should be extended by two hours more. I think it can be done subject to the others agreeing to the extension.

Shri Altekar: I have only stated by way of information that last time this resolution was allotted two hours. This is no new item.

Shri K. K. Basu: The motion is to accept the report. The report mentions that. Certainly we can amend that.

Shri Altekar: But time has already been allotted.

Shri K. K. Basu: This is a part of the motion that you have moved.

Pandit Thakur Das Bhargava (Gurgaon): Shri Altekar is perfectly right in his contention. The motion was accepted by the House then. But, at the same time, when even the original motion is not there, it is within the competence of the House and the Chair to extend the time if it is found

[Pandit Thakur Das Bhargava]

that the time is not sufficient. What is the bar to extend the time. At any time the Chair can do it and the House can do it.

Shri Ramachandra Reddi: It is in the hands of the House and as such the extension can be made. It is the desire of the House.

Shri A. M. Thomas (Ernakulam): When the discussion proceeds, if there is any necessity we can do it.

Shri Mohiuddin (Hyderabad City): In view of its importance, I do suggest that the time be extended.

Mr. Deputy-Speaker: So, the House is in favour of suspending the rule regarding notice for tabling the amendment. The rule is suspended.

Now, Mr. Reddi wants an extension of time by two hours; let us have half, one hour.

Shri Raghubir Sahai (Etah Distt.—North-East *cum* Budaun Distt.—East): Sir, my resolution comes after that.

Mr. Deputy-Speaker: After the previous resolution, the hon. Member's resolution will come up. There will be in all three hours for this resolution. When I called Mr. Gopalan the other day, he had only one minute. There will be full three hours today. The hon. Mover will have 30 minutes and the rest will have 20 minutes each. The hon. Member will have the right of reply.

So, the **question is**:

> "That this House agrees with the Thirty-fifth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 24th August, 1955, subject to the modification that the time allotted for the discussion of the Resolution regarding State monopoly of foreign trade be increased by one hour."

The motion was adopted.

RESOLUTION *RE* STATE MONOPOLY OF FOREIGN TRADE—*Contd*

Shri A. K. Gopalan (Cannanore): Sir, my resolution is.........

Shri Raghubir Sahai (Etah Distt.—North-East *cum* Budaun Distt.-East): On a point of order, Sir. It is that when last time the report of the Committee was accepted, Shri Gopalan's resolution was given two hours. He has already taken one minute and there is a balance of one hour and 59 minutes left. The next resolution in order was mine, on community projects. In the last meeting of the Committee it was allotted 2 hours and 15 minutes. So, I expected that after Shri Gopalan's resolution had been finished my resolution would be automatically taken up. Unfortunately or fortunately 20 minutes more have been taken up by the Companies Bill. I thought that 20 minutes would be extended today and after Shri Gopalan's resolution my resolution would be taken up. I feel it would be proper if the former allotment of time is stuck to and I am also accommodated.

Mr. Deputy-Speaker: Unfortunately, the House does not agree with the hon. Member: that is my difficulty. Shri Gopalan.

Shri A. K. Gopalan: My resolution is:

> "This House is of opinion that in order to implement successfully the Second Five Year Plan, Government should immediately enforce State monopoly of foreign trade in commodities like jute hides and skins, coconut, pepper, tea, cotton, rubber, manganese, mica, coal and other metallic ores."

A State Trading Committee was appointed in 1950 and it submitted its report. But that Committee did not discuss this question in the context of planning. But today everything and especially a vital subject like the form of trade should be discussed in the context of planning. It should also be judged in the light of its conformity with the objective of the State, namely, the socialistic pattern of society.

So, the question is, 'Is the present form of foreign trade compatible with planning?'. No, not at all. Prime Minister Nehru spoke of capturing strategic heights in the interest of development. He was perfectly correct. We do believe that without capturing the strategic or commanding heights as you like to call them, you cannot embark upon planning; let alone achieving success in it.

[PANDIT THAKUR DAS BHARGAVA *in the Chair*)

This foreign trade is a very vital strategic height and without capturing it, the talk of controlling the plains, that is, controlling the economy is just moonshine. Unless the State takes over foreign trade (both export and import) at least in some major activities here and now any plan is foredoomed.

In planning, we formulate a programme of production and development for five years, calculate the resources for the development, try to check up every year whether the particular year's part of the plan has been done. But, what do we find if we leave the foreign trade entirely or mostly in the hands of private traders?

We find that due to the manoeuvres of the private exporting firms, many of which have international ramifications, the prices of our export goods fluctuate violently. Sometimes, there is a heavy buying pressure (when they try to corner the stocks); at other times there is abstention from buying or heavy selling pressure—when they want to depress our prices. This is speculation pure and simple and both the foreign and Indian merchant capital engaged in foreign trade has degenerated to this level.

In 1951, some well-known firms, expecting the continuation of the Korean war, purchased huge quantities of oil-seeds, ground-nut and other export goods, but in 1952 seeing the continued negotiations for truce, released the stocks on the market for sale. This caused a depression of prices of these goods. In 1953, another well-known European firm cornered stocks of pepper and then released them for sale thus bringing about a slump in the prices. Such activities exercise a very unsettling effect on our economy. They affect our production programme and negates planning. There can be no question of a steady improvement in production and employment under the circumstances.

3 P.M.

We also find that these private trading firms keep you bound to the traditional channels of trade and expose our export goods to boom and slump alternatively. As a result of this, there are violent fluctuations in the prices of these goods. In 1952 tea prices slumped heavily then in 1954 there was a boom unprecedented in the history of that commodity. As far as jute is concerned, in 1950, there was a boom and in 1952 there was a slump in the price. As a result of this boom and this slump, what happens is that sometimes the factories or mines or plantations worked to their full capacity. Sometimes they closed the factories. Thus trade fluctuation upsets our production programme and introduces chaos in the economy. This is just the opposite of planning. It may be argued that the factors operating in the overseas markets are beyond the control of our traders and any way our export goods have to face this boom or slump. There is no escape from it even if the trade is taken over by the State. I do not think it is correct.

Firstly, the advantage in the State taking over the trade is that with the help of its trade offices in various other countries, it will quickly and at a much lower cost, be able to negotiate for the disposal of our products.

Secondly, the most important factor is that the State can enter into long-term commodity arrangement with other countries, which the private

[Shri A. K. Gopalan]

trading firms cannot. For example, in 1954, there was a glut in tobacco. The Government concluded a trade agreement with China; according to which China agreed to purchase our tobacco. There was an easing of the situation in that commodity. But our tobacco traders were not able to promise whether they would be able to give them tobacco every year of the same quality and in the same manner. As far as China is concerned, they have got a planned economy. It plans its production and exports and imports. It cannot depend on the whims and fancies of our traders, who always wait for a higher price. So, they have either to step up production in their own country or enter into an agreement with other countries from whom they will get the things. Such kind of things would not happen if the foreign trade in tobacco is in the hands of the State. The essential distinction between the trade in private hands and the trade in the hands of the State is this. If the trade is in the hands of the State, it will always look for the long-term interest of the country, and if the trade is in the hands of the private traders, they will only look for profits. That is the first difference.

The United Nations appointed a number of committees to look into the various aspects of commodity trade and economic development, relative prices of exports and imports in under-developed countries and also instability in export markets of under-developed countries, and also to recommend measures for international economic stability. Each one of these committees was of the opinion that in order to prevent the fluctuations of export prices, international commodity agreements should be concluded. But up till now no such agreement has been concluded. America as the leading capitalist country in the world, was eager only to get through some agreement in commodities in which they had some special interests. Her interests were to sell wheat at a high price and also to get things like manganese which she wanted to buy at a low price. The failure of the International Materials Conference showed the necessity that unless there is a long-term agreement, import and exports cannot be successful. The long-term commodity arrangement cannot materialise without the State taking over the trade as has been proved in the case of tobacco which I explained now. All this happens as a result of leaving the trade in the hands of private traders. Therefore, my first point is that the State must take over the export and import trade at least in the major commodities in order to overcome the fluctuations in our export prices and also to conclude long-term commodity arrangements with other countries and to provide stability in our economy.

The second point is that the State must take over the foreign trade in the major commodities in order to augment our financial resources for the Plan itself. The Plan-frame has estimated a fall of Rs. 2,400 crores and it has proposed to raise Rs. 800 crores by way of taxation and Rs. 400 crores by securing foreign assistance. This gap can be narrowed if the State takes over the export-import trade.

The third point is that taking over export and import trade—from 1950 to 1955 there has been violent fluctuation in the prices—will stop the violent fluctuation of prices and thus prevent the depression of the peasant's income. According to Dr. P. J. Thomas's article in a paper, owing to the fluctuation in prices in pepper, cashewnut and other things in Travancore-Cochin, about Rs. 60 crores of national income has been reduced in the last one year. In a way, it affects the peasant's income as well as the economy of the country.

The most distressing feature of our foreign trade is its dependence on Anglo-American market. It is not that we do not want our country to trade with Britain and America. What we want is to shed once for all its dependence on one type of market and that too only in these two countries. It is true that of late there have been some attempts for diversification of our trade, but it has not been successful because there are some big defects in the system of our trade. What are the defects?

The defect lies in that our traders try to sell our goods in Britain and America first, and when they understand that they cannot dispose of their stocks there and the stocks become unsaleable, they look for other markets, which is contrary to planning. This can happen because we have allowed the British trading firms in India, financed by the Exchange Banks, to be in a dominant position in our foreign trade.

Again the defect lies in that the traders whom we call established importers are those very people who before 1947 used to trade almost exclusively with Britain. They have better links with the exporting firms in Britain and then in America, and it is very difficult for other countries to get into this chain and have import and export trade, no matter whether it is capital goods or consumer goods. Unless the State takes over the foreign trade, the others cannot get inside. What happens, therefore, as a result of these practices of our private traders is that those countries from whom we generally do not import cannot purchase our goods, however much we would like them to purchase, because they do not want to go off the balance in payment position.

Now comes the profit. It has been non-officially estimated that the export and import trade yields to our trading firms an annual profit of Rs. 125 crores. I do not know whether this figure is correct. It is for the Ministry of Commerce to say whether it is correct. Unfortunately, the Ministry does not want to divulge the names of the trading houses and the profit they make. I say this because through the Research Section of Parliament we wanted to get the figure and the names of big trading houses that make the profits, but we were told that they had no access to it, and it is for the Ministry of Commerce to give the figure if they like. That is the reason why we are not able to say exactly what the profits are and which are the main importing trading houses that have got these profits. I shall request the hon. Minister, when he gets up to give the reply, to give us an idea of this figure, because it is very important for us to know about the profits and the major houses that get these profits. Anyhow, we have reason to believe that the sum of about Rs. 125 crores is a possible amount, because the exports are valued at about Rs. 600 crores and the imports are valued at about Rs. 600 crores. On a modest calculation of ten per cent profit, it comes to Rs. 120 crores. This is for the entire foreign trade

Shri A. M. Thomas (Ernakulam): Does the hon. Member want to take over only the foreign trade?

Shri A. K. Gopalan: No.

It can be only the commodities which I have explained: they give Rs. 100 crores a year. For five years we get about Rs. 500 crores if we take the export-import trade. You said that the resources for the Second Five Year Plan should be augmented and propose to have taxes on the commodities, especially the commodities for the consumption of the poor people. It is fraught with dangerous consequences. We will have to find out other ways. Taxation on essential commodities will not only deprive our common people of the benefits of the Plan but will make them bitter against the Government. That is the reason why it is the duty of the Government to see that all the resources are properly tapped. They should take over the monopoly of foreign trade at least in the commodities that we suggested so that there may not be the possibility of taxation on essential commodities.

Government need not have any fear in this respect because as far as State trading is concerned, the Committee on State Trading in page 18 of their report says:

[Shri A. K. Gopalan]

> "Strict control of foreign trade is coming into vogue all over the world to an increasing extent."

The Committee admitted that this control in their regimentation is not designed merely to deal with the temporary difficulties created by the balance of payments problems. A purposive direction of foreign trade with a view to promoting the best utilisation of the available resources has become the key note of economic policy in many countries. In countries like the U.S.S.R., Czechoslovakia and other European countries and in China also, foreign trade is controlled mainly through State controlled agencies. Besides the capitalist countries also have in emergencies taken to State trading. The United Kingdom Commercial Corporation in Britain, the Wheat Boards in Australia and Canada, Commodity Trading Corporation and Reconstruction Finance Corporation in America, the I.A.P.I. in Argentine are all instances of State trading by capitalist countries. Therefore by no stretch of imagination can it be conceived as a totalitarian measure. The argument that our resort to State trading will be looked upon with disfavour by some other countries to our detriment is not also correct because in most of the countries they have taken up State trading in many commodities in times of emergency and at other times also.

I now want to point out about each of the commodities and how those commodities' exports had been mainly in the hands of Britain and America. Take the case of manganese. There was a sharp decline in price in 1954 and the price came down from Rs. 150 to Rs. 70. Hundreds of mines in M.P., Bihar and Orissa were closed because the prices were very low. These could happen because of our dependence on the U.K. and American market. Fifty per cent. of the total export is taken by America due to the stockpiling for preparation for war. Later on it was due to the Korean war. There was a very big boom in our manganese industry due to these and Government also got heavy duties. There are a few big steel co-operatives in the U.S.A. which together controlled 42 per cent. of the net investments in the U.S. steel industry and they are now busy exploiting manganese deposits in Brazil and this was the factor responsible for the slump and also for the slackening of demand by America. We have reason to believe that if Government negotiates with other West European countries, they will be found agreeable to purchase manganese on the basis of a long-term commodity agreement.

The second commodity is mica. The disastrous slump in the production and export of mica began from 1951. It continued uptill 1953 middle of June and then the prices came down by sixty per cent. India holds a monopoly of the mineral, producing about 80 per cent. of the total world output. We almost entirely depend upon the American market which takes nearly 85 per cent. Next comes U.K. and then France. These foreign monopolies have taken full advantage of our helplessness and dictate the price they want to pay to us. They have their own purchasing agencies here which fully utilise the competition among the Indian mica producers who are exporting individually and thus they force down the prices. This also shows that if we had taken up the trade in these commodities, it would have brought revenue to the State and provided security of employment for lakhs of workers.

The third commodity is tobacco. British Tobacco Manufacturing Company, Imperial Tobacco Company of India and its main tobacco leaf agency. Indian Leaf Tobacco Development Company has been dominating the tobacco trade and making crores of rupees. Here are the figures according to their reports. In 1950, the net profits were Rs. 90 lakhs; in 1951, 164 lakhs; in 1952, 238 lakhs, in 1953, 56 lakhs and in 1954, 155 lakhs. This is as far as the tobacco trade is concerned

We want to nationalise the export trade of groundnut because it will yield not only revenue to the State but we can prevent depression of the income of the peasant. In answer to the question in the Lok Sabha it has been revealed that in July 1955 that the prices of groundnut oil-cake varied between Rs. 160 and Rs. 165 per ton in the market here but the prices were Rs. 507-520 per ton in the London market. This shows what enormous profits are reaped by the East Asiatic Company, Volkart Brothers and the Rallies.

Then comes shellac. Since the beginning of 1952, and throughout the year 1953, our shellac industry and trade passed through a severe crisis. Shellac prices fell in 1952 by about 70 per cent. of those prevailing in 1951 because we are almost completely dependent on Anglo American markets. The United States buys more than 50 per cent. and the United Kingdom, 25 per cent.

The position is the same with regard to jute also. I do not want to go into the details for want of time. I only want to point out the fluctuation in the prices as in the case of all the other commodities during the years 1951 to 1954. The lowest price for pepper in 1951 was Rs. 508 and the highest price in 1955 is Rs. 207. As far as coconut oil is concerned, the lowest price in 1941 was Rs. 21 and the highest price in 1955 is Rs. 21. So far as groundnut oil is concerned, the lowest price in 1951 is Rs. 68 whereas the highest price in 1955 is Rs. 45. With regard to copraoil the lowest price in 1951 was Rs. 423 and the highest price in 1955 is Rs. 370.

Shri Mohiuddin (Hyderabad City): How is it possible? The hon. Member is quoting the lowest figure for the highest price and the highest figure for the lowest price.

Shri A. K. Gopalan: There are two things. They are: the lowest price in 1951 and the highest price in 1955. I wanted to show the fluctuation in prices. Rs. 508 was the lowest price in 1951 but in 1955 the highest price was Rs. 207. I wanted to show that the lowest price in 1951 was twice as much as the highest price now or the present price is just half of what it was in 1951. I think you have understood it.

So, I move that this resolution may be accepted because it will do good to the economy of the country as there must not be violent fluctuations of the prices. This will help us to have a stable economy and we will also be able to get crores of rupees for the development of our country.

Mr. Chairman: Resolution moved:

> "This House is of opinion that in order to implement successfully the Second Five Year Plan Government should immediately enforce State monopoly of foreign trade in commodities like jute, hides and skins, coconut, pepper, tea, cotton, rubber, manganese, mica, coal and other metallic ores."

Shri Ramachandra Reddi (Nellore): I beg to move:

> That in the Resolution, *for* the word "enforce" *substitute* "appoint a small expert Committee to report on the question of".

Shri V. P. Nayar (Chirayinkil): I beg to move:

> That in the Resolution *after* the word "rubber" *insert* "cashewnuts, lemon-grass-oil, ginger"

Shri Bogawat (Ahmednagar South): I beg to move:

> 'That at the end of the Resolution, the following be added:
>
> "as well as oilseeds".

Shri Sivamurthi Swami (Kushtagi): I beg to move:

That at the end of the Resolution, the following be added:

> "This House is further of opinion that an Expert Committee should be appointed to examine the question of State monopoly of foreign

[Shri Sivamurthi Swami]

trade of our country in respect of all such other commodities which will conduce to increase our national reserves".

Mr. Chairman: Amendments moved:

That in the Resoution, *for* the word "enforce" *substitute* "appoint a small expert Committee to report on the question of".

That in the Resolution *after* the "rubber" *insert* "cashew-nuts, lemon-grass-oil, ginger".

That at the end of the Resolution, the following be added:

"as well as oil seeds"

That at the end of the Resolution, the following be added:

"This House is further of opinion that an Expert Committee should be appointed to examine the question of State monopoly of foreign trade of our country in respect of all such other commodities which will conduce to increase our national reserves".

Shri Raghuramaiah (Tenali): I have also a little soft corner for State trading but that does not mean that I am supporting Shri Gopalan's resolution. He seems to have a much wider corner.

Shri K. K. Basu (Diamond Harbour): You do not want to be in good company?

Shri Raghuramaiah: Good or bad, I will go some distance with him but I cannot go with him all the distance.

Shri Punnoose (Alleppey): So, for some distance we will carry you.

Shri Raghuramaiah: But, I am glad to see a change-over in him. He has been very solicitous to ensure sufficient finance for the success of the Second Five Year Plan. It is a significant change-over from the previous hangover and if I make a few remarks it is with the same consideration that all of us want the Five Year Plan to succeed. We all want money for that. But, the question is: how to get that money? The question is: wherefrom we will get that money and whether the method suggested by Shri A. K. Gopalan is the right method? Trading is not talking. It is not a joke. It requires speculation; it requires contacts and it requires a certain sense of taking risks. As pointed out by Shri A. K. Gopalan himself, prices vary. A commodity which today sells at Rs. 10 may sell tomorrow at Rs. 20. Who is to take the risk? Supposing the Government buys a commodity and the market slumps and there is loss, what will happen? I know we have got the Public Accounts Committee. We have also got hon. Members in this House who will try to tear the whole transaction to pieces. That is good. We ought to be vigilant. But, then, are we prepared to take risks in respect of every commodity. State trading is not a new thing. It is not a mere imaginative piece of Shri A. K. Gopalan. It has been there already. A Committee was appointed in 1950, a reference to which has been made by Shri A. K. Gopalan himself.

Shri A. M. Thomas: The Committee was appointed in 1949.

Shri Raghuramaiah: I am thankful to the hon. Member for the correction; but, anyhow, it examined the whole question more elaborately and in full details. That Committee seems to have recommended a very restricted scope for State trading confining it, in the first instance, purely to import and export business and only in certain commodities like cotton and so on. But, on the whole, it does not seem to have encouraged State trading on a wide basis—not, at any rate for revenue purposes. Reference has been made to cotton. In England the Government tried State trading in raw cotton. I am told that their experience was not very happy. They had to modify it considerably. Later on, I understand that they were faced with the problem of wrong stocks purchased at wrong prices. Therefore, they had to modify their policy.

Even in our country we have had some experience of trading in foodgrains. I have got here a pamphlet with me—I am not prepared to accept the figures given here as completely correct, as this has been supplied by a non-official agency and I speak subject to correction—which indicates the enormity of the loss which we have incurred. Of course, loss in this case may be justified. Anything is justifiable when compared to the prospect of starvation which we were faced with. Certainly the Government had the primary responsibility of keeping up stocks and, may be, in that we have had to incur certain losses. The figures supplied by this Employers' Association, Calcutta—as I said I do not quote it with authority or authenticity—show that in 1944-47 alone there was a loss of Rs. 78 crores and so on—it gives the figures year by year—and in a period of less than two decades it gives out that we have incurred a loss of Rs. 277 crores. Whatever be the justification, in the case of rice we recently imported from Burma we suffered a loss. I think it is a well-known fact that it was more a political deal than a commercial deal. Are we prepared to allow all this loss? Why is that? It is because trading implies taking risks. Are we prepared to take risks?

Shri A. K. Gopalan has given some figures which go to show that in certain commodities, at the present moment, we are making a lot of profit. In case Government steps in directly or indulges in that business through State Corporation, are we prepared to allow Government the same profit that we are now having? How many times Members have asked Government in this House in regard to rice: what is the procurement price; what is the import price and what is the margin of profit that Government is taking and so on. In the case of jute, during the control days, when 5 per cent. was allowed to merchants, did not many Members in this House question as to why we should allow 5 per cent? Will not Shri A. K. Gopalan himself come forward tomorrow as the mythological champion of the poor and question: why is Government making 10 per cent. profit? It should have given it at much less profit to the poor consumer in the country.

Shri T. B. Vittal Rao (Khammam): We will not say that. What has that to do here?

Shri Bogawat: He has said it so many times.

Shri Raghuramaiah: I should like to believe what you say and live to see whether you practice it then, but I know that we ourselves would not like......

Shri A. K. Gopalan: Let it be only 1 per cent. or ½ per cent. Let Government have that.

Shri Raghuramaiah: Shri Gopalan is agreeable to give the Government ½ per cent. but the question is that we ourselves would not like Government to make profit when it is a question of supplying the consumer with a commodity at a price at which the Government gets it.

Then there is also this aspect. He himself has said so many times—and so many Members have been very enthusiastic about it—that he wants our unemployment problem to be solved. Whenever it is a question of nationalisation in industry they raise a hue and cry, but I do hope that Shri A. K. Gopalan has also in mind the repercussions of a measure of this nature on unemployment. I do not have the figures here which show to what extent there will be unemployment, but I am sure he will agree with me that there will be enormous unemployment. The entire middle-class trading community—lakhs and lakhs of people who are employed in those concerns will have to go without job when state undertakes trading. The State can carry on with a hundred people whereas a private trading concern will have 50,000 or 60,000 people employed. (*Interruption*) My friends need not be so very bitter because, as I said, I am coming, in a way, to support them to a certain extent. If only they have a little more patience—I know I am asking too much of them—they will appreciate what I say.

I am against indiscriminate State trading in respect of every commodity irrespective of circumstances. I am

[Shri Raghuramaiah]

against State trading in commodities especially with countries where there is freedom of trade and where there are absolutely no monopolies. In that case it is impossible for us to have monopoly here. If our object is to get goods at as cheap a price as possible and to sell them at as costly a price as possible, that cannot be done by leaving it to a Government department, however erudite it might be. I know, in one case where a commodity could have been got for Rs. 11 a unit, some officer did not know it and he okayed it for Rs. 17-8-0 per unit. He was only bargaining for a reduction of -/8/- annas. I do not blame the Government for that. Government have not got the machinery for State trading. They have not got the equipment for it and the personnel for it. That is not a function of the Government.

But, in one respect, out of my experience in tobacco, I would strongly commend State trading there. There may be a few other things of which I may not be personally aware. Government might be able to take up trade in those cases also. My considerations are these: the Commerce Ministry was good enough to send a team to China, and I happened to be on that delegation.

Shri T. B. Vittal Rao: You were the leader of the delegation?

Shri Raghuramaiah: I wanted to be a little modest. I thank you for having mentioned it in the House. I was the leader of the term. I might tell my hon. friends that due to my efforts, particularly the virginia growers have got a crore of rupees. I may also say that the people have appreciated the effort made by the Commerce Ministry so much—I am not disclosing a secret when I say that they wanted to raise a statue for the Minister of Commerce and Industry, Shri T. T. Krishnamachari.

Shri D. C. Sharma (Hoshiarpur): If it is so, we will also subscribe to it.

Shri Raghuramaiah: I may also disclose a further secret, if I may, that Shri T. T. Krishnamachari, in his usual modesty, has refused any statute being raised for him. Anyhow, it happened this way. About three years ago, the export market for tobacco completely thinned out. There were stocks running to the value of some crores of rupees particularly in the Andhra area which produces the vast bulk of virginia tobacco. There was a terrific economic collapse in the country-side. The whole economy of the people was disturbed. Of course it gave good grounds for my friends on the other side to exploit. It was a very unfortunate situation. The Commerce Ministry took up the question. As I said, they sent a delegation to China. During the negotiations, I came to know—and these are very important points which I would like the hon. Members to remember—that a few traders, behind the back of the Government, behind my back, were actually cabling to the Chinese Government offering the commodity at two or two and a half annas a pound, when I was quoting the same at four annas. This kind of indiscriminate competition among our people, because there is freedom of trade, did a terrible havoc. In the last deal which the Chinese were negotiating, I know, as a matter of fact, the Chinese were willing to accept a certain grade at four annas a pound. While the negotiations were still going on, the same thing happened; the representative of China went directly into the Guntur market and got an offer for three annas one pie per pound and they, concluded the deal. It was very unfortunate. Not only in China but in some other countries also, even democratic countries, tobacco has become a State monopoly. Japan is one of them. The entire trade of tobacco there is in the hands of the State as a monopoly. The same is the case in Thailand. In the Communist countries and in most of the East European countries, the entire buying and selling of tobacco is completely in governmental hands. We are at a disadvantage whenever we deal with totalitarian countries or with other countries, so far as the tobacco is concerned, where it is a monopoly in the hands of the Government—we are at a terrific disadvantage, because on our side our trade is in the hands of two or three thousand people cutting each other's prices and incidentally cutting each other's throats also. Therefore, I would suggest that in such cases, that is, where the trade so far as other countries are concerned, is in the hands of a monopoly association—whether it be the State or semi-official organisation—we must also have a proper organisation in this country. It may be a governmental body or a semi-governmental body. As I said, the tobacco deal was a very successful deal and I would like to compliment again the Commerce and Industry Ministry in having effected that deal. I would, therefore, say that while I am opposing this resolution, while I am against indiscriminate State trading, in cases where the trade is in the hands of monopolists in other countries, we should have in this country an organisation, whether it is a govermental body or semi-governmental body. In fact, one of the recommendations which the delegation, of which I had the honour to be the leader, made was that in the case of tobacco, the trade in this country should be entirely in the hands of a body in which the growers also should have their representation. I would strongly urge upon the Government that they should keep that aspect in mind, and at the same time avoid indiscriminate state trading. While, therefore, I am opposing the resolution, I would commend these few considerations of mine to Government

Shri G. D. Somani (Naguar-Pali): I would like to make a few observations regarding the implications of the resolution which has just been moved by my hon. friend Shri A. K. Gopalan. It was all right when we had those control days and when competition was not there and when, in certain fields State trading was resorted to. But, if we will look into the results of the State trading of that period, we will know how risky and dangerous it was for the State to trade. Certainly now, in the times of competition, my friend Shri Gopalan says that State trading will help the resources for the second Five Year Plan, but I think the result may be quite otherwise. The State might be left in a position in which it will be very difficult to get along. Not only will it not benefit the community at large but there may be complete chaos and mess in so many directions.

As the circumstances stand to day, we are all aware of the expansion of the public sector in so many directions, and we have got in the public sector so much tasks to be performed and the Government's hands are already full with them. We have the programme of an ambitious expansion of industrialisation in the public sector like the three huge steel plants and various other projects with which the State is already engaged in a manner which clearly indicates that there is a complete lack of administrative and technical personnel of the calibre which will be able to execute the jobs in the manner in which they should be executed. That being the case, I think, to advocate at this stage for any action on the part of the State to resort to State trading will be only inviting repercussions of a nature which we should certainly avoid.

I have got before me a booklet issued by the Employers' Association of Calcutta, wherein they have analysed and reviewed State trading in India from the period 1943-44 to 1953-54. That covers a period of ten years when there was scarcity of foodgrains and there were heavy imports from foreign countries. That association has analysed the various aspects of imports and distribution and has given facts and figures in this booklet which should really show the dangers of State trading, the desirability for which my hon. friend Shri Gopalan had just now been indicating. The final position, as shown by that

[Shri G. D. Somani]

booklet, taking into consideration the Burma deal which alone could be said to be responsible for a loss of over Rs. 30 crores on the basis of the formula indicated earlier on account of the fall in prices, not to speak of damage to other classes of trade,—the final position shows that State trading in a decade has cost the community as much as Rs. 277 crores. The booklet says that no account is taken here of the possible savings of Rs. 140 crores that might have been obtained through a more careful purchase policy in respect of imported foodgrains. They have gone into the details of the imports and distribution and how they were handled by the various State Governments. State trading was resorted to at a time when there was an acute shortage of foodgrains and when it was absolutely easy to regulate the trading in a manner which would have brought benefit to the community at large and which would not have shown the results which this booklet has analysed from the various facts and figures which have been disclosed by the committee which went into this question of State trading.

This is the conclusion of the analysis

> "It will, therefore, be readily realised that the results of state trading in food have been very discouraging and that available resources have not been properly utilised. The consumer cannot claim that he was supplied with good quality foodgrains at favourable prices. The Central Government cannot claim that they purchased foodgrains in foreign countries at favourable rates. The State Governments cannot claim that they procured the maximum quantities possible and unnecessary imports were avoided. Such is the sad experience. How can it be contended that an extension of state trading will help the Government to raise additional resources, in the shape of profits, for the prosecution of the second Five Year Plan?"

This is the analysis on a proper study of facts and figures of state trading on a very vast scale in foodgrains and under circumstances which were favourable. Now, if we talk of state trading at a period when there is such huge competition, I am perfectly certain in my mind that the implications of this policy will be highly detrimental to our national economy. I have got some experience about this bulk purchase system which we had in the textile industry for the purchase of cotton. This system worked all right so long as there was an acute shortage and so long as mills could not procure there cotton from any other source?

Shri V. P. Nayar: Was it purchased on the basis of quotas fixed by Government?

Shri G. D. Somani: Yes, these purchases used to be handled on a Government to Government basis and the various mills used to enter into commitments with the Textile Commissioners on the basis of a certain quota which was fixed for these mills. Ultimately in the last year it meant heavy losses for the mills and the Government found that this system could no longer be continued; perhaps if the system had been continued, it would have resulted in great harm to the industry and to the country in general. What I want to submit is that it is all right when there is any acute shortage in a certain sector or a certain community; even then it would be desirable only for a limited period. But in conditions of free competition, it will be almost an impossible task for any State trading organisation to efficiently and economically handle the export and import trade of the country. This is a very highly specialised job, and when my friend talks about the violent fluctuations, he easily forgets that it is not under the control of the importing and exporting countries to regulate the prices. In imports and exports, it is the world trade which functions. The prices fluctuate due to conditions which prevail in the world market and it is certainly not within the jurisdiction of any individual country to regulate the prices of commodities, which are governed by international factors. I am aware of the export and import trade of certain commodities and I can say with personal knowledge that it will be doing a great harm to our export and import trade if the export and import houses which have been in this line for a number of years are going to be abolished. If those who have got a specialised knowledge and experience of that trade are going to be ousted and if the State is going to take upon itself the responsibility which it cannot discharge efficiently in view of the lack of personnel and various other factors, it will do great harm to the country. I respectfully submit that this resolution has come really at an inopportune moment. On the one hand the State has got upon itself such heavy responsibilities for which even named they are feeling the lack of personnel. Whatever responsibilities are placed on the State for fulfilment of the second Five Year Plan, they are finding it very difficult to discharge efficiently. Therefore, it is not proper to contemplate making an encroachment in the field of the private sector, in a field in which they are discharging their responsibilities in a manner which cannot. by any stretch of imagination, be regarded as detrimental to the national economy. I therefore plead with all the earnestness that I can command that there is absolutely no circumstance in the country at present to warrant any encroachment in the field of the private sector by resorting to State trading, because the results would be disastrous. The study about State trading in foodgrains has disclosed that. although that study has been taken for a period when there was an acute scarcity of foodgrains. I am also reminded of another instance when the Government of India imported some cloth from Japan. That was also in a period when there was acute scarcity of cloth and the cost to our exchequer was also very heavy. If this had been the result of State trading in various times and if, even in periods of acute shortage the Central Government or the agency which handed that State trading could not properly discharge its responsibilities to complete satisfaction, then it clearly follows that there is absolutely no justification for entertaining the hope that any extension of State trading at present will lead to any beneficial results. This is a period of growing competition in the international markets. Every market is trying to become self-sufficient. It is in this period of growing competition that full support and encouragement should be given to those who have been in the trade and who know the technique of the trade and also the various other factors which govern the regulation of that trade. Therefore, this policy is fraught with dangerous consequences and I respectfully submit that before any such proposal is entertained, the Government should take into consideration the serious repercussions which the implementation of this policy will involve.

Shri A. M. Thomas: This question of State trading was being considered from time to time even before the Committee to go into this question was appointed in 1949. In this matter, as in other things, the party in power does not adopt a doctrinaire approach. But one has to decide each case on its merits. In the draft plan, frame that we have got, at page 9, there is this very significant statement:

> "The public sector must be extended rapidly and relatively faster than the private sector for a steady advance to a socialistic pattern of economy: In order to make available large capital resources for investment and national development and to facilitate the implementation of the Plan, Government will be prepared to enter into such activities as banking, insurance, foreign trade or internal trade in selected commodities."

[Shri A. M. Thomas]

The memorandum submitted by the panel of economists also more or less echoes this suggestion that has been put forward by Professor Mahalnobis. The subject is of some immediate interest so far as I am concerned or rather my State is concerned, because from a report dated August 13, in the Hindu, I find that Mr. Panampalli Govinda Menon, Chief Minister, stated in Trivandrum that he had submitted a proposal to the Union Government for the establishment of a State trading corporation in Travancore-Cochin for the export of the State's marketable agricultural and commercial products. Referring to that proposal, he has also said:

> "The Corporation would be run in co-operation with the Government of Madras and the Union Government. There would be a price stabilisation fund in order to prevent wide price fluctuations which would detrimentally affect the cultivators and the producers of the State."

Since this resolution is being discussed when this matter is pending before the Commerce and Industries Ministry, I would like to know from the hon. Minister what his reactions are to this proposal. I will later on also come to this matter. First of all let me make my position clear that I cannot subscribe to the resolution of Shri Gopalan as it stands.

You will find that we have got a democratic State functioning here. It is all right to advocate state trading under a totalitarian regime as in Russia or in China. Even in China, where state trading has been adopted, you will find from the report of the work of the Government submitted by Chou En-lai Prime Minister in 1954—it is a remarkable document:

> "Our State trading departments have not yet been able, however, to cope entirely with this vast change in the home market. As a result they have been often unable to aviod being placed in a passive position. This difficulty in our trade administration and other drawbacks of our trading establishments such as the failure to make a thorough study of supply and demand or the incurring of inflated administrative expenses must be swiftly eliminated."

If this is the picture of the department of state trading that they have in China, I would respectfully ask whether our administrative machinery can cope with the task that has been just advocated by my friend Shri Gopalan.

This morning we heard from the Commerce and Industry Minister—and he was perfectly frank when he said it—that he cannot say whether he would be able to get the necessary personnel for the three steel plants to achieve the targets with regard to steel production. So that it is a matter of personnel also, and if that is the case, I do not know whether we should make any violent departure in the pattern of our trade that we have at present.

The argument has been put forward that the extra profits derived from state trading can be got by the State and enormous resources will be thereby obtained for financing the second Five Year Plan. We have just now seen from the figures read out by Shri Gopalan that the prices of these commodities for which he wants state trading fluctuate in a violent fashion, and I would ask whether that is not an argument against State trading.

Shri V. P. Nayar: Certainly not.

Shri A. M. Thomas: We are dealing with the money of the poor tax-payers, and as such if the State incurs a loss or if the State takes a risk, the result will be that the tax-payer will have to suffer thereby. If money is the consideration, we are adopting necessary methods in case of excess profits obtained by private industrialists and private dealers by resorting to export duties as well as import duties to mop up the profits for the State. So that I do not think the argument for state trading can be based mainly on the ground of getting the necessary resources for the next Five Year Plan.

I would ask the hon. House to consider certain aspects of our trade. We are just now dealing mostly with countries where there is free trade and where there is no state trading. In the Committee report that my friend as well as Shri Raghuramaiah referred to, you will find at page 21 the figures quoted, which relate to the year 1948-49. The figures are very revealing. You will find that out of the total foreign trade that we have trade with Soviet Russia, Czechoslavakia, China and Argentina is only 4·1 per cent; and with the other countries, namely United Kingdom, other Commonwealth countries including Pakistan, the U.S.A. etc., it comes to 71·6 per cent. If this is the picture of trade that we have at present, can we afford to make a violent departure in its normal course? If the State steps in what will be the repercussions which it would create in the matter of our exchange earnings. I do not think that we can at all risk in this matter.

We may also have to consider the aspect just now pointed out by Shri Somani, namely that these traders have got long-established contacts in those places with which we have about 80 per cent. of our trade. We have also to take into consideration the psychology of the foreign buyers when the State steps in, in the matter of foreign trade.

The second thing that we have to consider is that in none of these items pointed out by Shri Gopalan we have got a monopoly. It would not be advisible for a State like ours wherein mixed economy has been accepted, to step in to trade in a commodity for which we have not got a monopoly. We have also to consider the fact which I mentioned in the beginning, namely that we have got a democratic State. It is all right to adopt these methods in a State where there is complete regimentation.

I do not want to take the time of the House going through the various items that have been mentioned by my friend. I would in this connection refer to the Report of the Taxation Enquiry Commission also. The Taxation Enquiry Commission, as we know, has been very progressive in its report and it has placed before itself a socialistic pattern of society and increased State enterprise. After mentioning the recommendations of the State Trading Committee, the Taxation Enquiry Commission say on page 208;

> "We think that no spectacular results, purely from the point of view of revenue, may be expected from State trading over a short-period. State trading requires personnel with specialised experience of business and raises the question of the adequacy of the governmental machinery at present for the task. Also the best time to extend State trading would be when prices are generally on the upgrade; the present, therefore, does not seem to be an opportune time for a wider incursion into this field. Altogether, the immediate scope for increasing non-tax revenue by enlarging State activity in the sphere of foreign trade seems to be limited, at any rate, for the time being.
>
> Another aspect of State trading relates to the domestic economy: in India, the most notable instances of this has been State trading in foodgrains during and after the War years. This as well as other civil supplies schemes have been concerned with regulated provision of certain essential articles in a period of relative scarcity and were generally con-

[Shri A. M. Thomas]

ducted on a 'no profit no loss' basis over a period, apart from the (substantial) subsidies directly provided in the budgets of Central and State Governments. Such schemes, in their nature, were temporary. State trading, internally, could also be considered as an aspect of what have been termed fiscal monopolies."

4 P.M.

So, in a matter like this, we have to take each case and examine it on its own merits.

With regard to the articles mentioned by my friend, let us take for instance, the question of jute. With regard to jute, when it was a seller's market, so to say, Government did think at that time that it was not feasible to enter into that field. If that was the position then, today our position is no better. We have to compete in this field and we had even to reduce the export duties with a view to keeping up our foreign markets. When that is the position, it may not be advisable to adopt State trading in this particular article.

In the one or two minutes more that I have got, I would like to deal with certain articles for which Government may consider the advisability of State trading or the State stepping in one form or other. I refer to some of the important articles of my State, namely lemon-grass oil, cashew, ginger, pepper etc.

Shri Punnoose: But then you support Shri Raghuramaiah also.

Shri A. M. Thomas: With regard to these articles, there are certain advantages which may be taken into consideration by the hon. Minister when he considers the suggestion that has been put forward by the Chief Minister of Travancore-Cochin. The advantages are as follows. The producing areas of these cash crops are not far-flung. They are located in Travancore-Cochin and the Malabar district of Madras. And Cochin is the principal market for these Commodities. Secondly, organisation and control for the marketing of these articles will also be easy, because only two States have to be dealt with namely the States of Travancore-Cochin as well as Madras. Besides, there is another advantage with regard to these commodities. There are well-known trade agencies which can easily be fitted in into the State pattern and converted into State agencies. It will also be found that in the case of spices, there are well-known organisations even in America with whom the State can easily deal. In spite of the wide fluctuation in demand as well as price, still we have got, so to say, a substantial monopoly with regard to these articles. Government have appointed an export promotion council for these articles. Moreover it has in view several quality control measures for the grading and standardisation of products, all of which will prepare the field for the State stepping in. Another point which has to be borne in mind with regard to these articles is that these are articles which are not subject to easy decay.

Shri V. P. Nayar: Will the minerals also decay?

Shri A. M. Thomas: These are all the advantages to be considered, while considering the question in what form or to what extent State trading can be done in articles like pepper ginger, lemon-grass oil, cashew, etc.

With regard to cashew, there is undoubtedly a case for State trading, because we have practically got a monopoly of the cashew kernel trade. At the same time, we do not have an adequate supply of raw nuts, and therefore, we have to depend on imports. As will be recalled, several questions have been asked in this House about the vagaries of the importers and so on. So, this will be a fit case where the State can step in both in the realm of import as well as in the realm of export.

Shri L. N. Mishra (Darbhanga *cum* Bhagalpur): At the outset, I would likely to thank my hon. friend Shri A. K. Gopalan, because through his resolution, he has given a chance to this House to discuss an important subjest like State trading. I feel that this subject has been treated in a perfunctory manner so long, and Parliament has not an opportunity so far to consider it fully. In the First Five Year Plan, State trading could not get its due place. In the Second Five Year Plan, it may get some place, because I find that there are some indications in that direction. For instance, I find Professor Mahalanobis talking of State trading to get some resources, and the plan-frame for the Second Five Year Plan also makes a mention of it. I hope therefore that due consideration will be shown to this question of State trading.

I am not one of those who believe in dogmas, but I feel that there are subjects where one can be dogmatic also. State trading in chosen articles may, I feel, create an atmosphere which may provide some opportunities to the people, especially the agriculturists, and make them feel that some justice is being done to their case.

A little while ago, I heard my hon. friend Shri A. M. Thomas talking against State trading in a commodity like jute. I might say here that I have been demanding State trading in jute for the last three years in this House. Year before last, the hon. Minister of Commerce and Industry stated that he had no difference with me so far as State trading in jute was concerned, but his only anxiety was about personnel and risks. I admit that there is want of personnel; I admit that there is a certain amount of risk, and there is a 50 to 60 per cent. chance of incurring losses also. But I want to ask, what about your other State undertakings. I had opportunity to go through the reports of some of these State undertakings, and I may say that except some of the undertakings run by the Ministry of Railways and the Ministry of Communications, most of the other undertakings are giving loss to the State. What about the Machine Tool Factory? And what about the Nahan Foundry and the Hindustan Shipyard? We have incurred losses on these undertakings. We have entered into contracts with foreign firms and those contracts have not been fulfilled; thus, money from the public exchequer has been wasted in many State undertakings. Now, should all these undertakings be closed down because they are incurring a loss? Are we going to narrow down the public sector by closing them down? We are not. On the other hand, we are talking of expanding the scope of the public sector. In fact, if we believe in a socialistic pattern of society, we cannot run away from this. We have to have State trading, and we have to increase the activities of the State even when I take it for granted that there will be loss, there will be risks, and there will be want of personnel. But I can say that there are men in the services, who are inferior to no businessmen. We have just to give them some power. At present, because of lack of adequate power, they lack initiative, they have not got confidence in themselves, and they cannot take immediate and quick decisions. We have to give them powers, so that they may have the initiative and also they may take immediate and quick decisions. I do not say that State trading should be resorted to in indiscriminately in all articles. I only say that in at least certain chosen articles. State trading should be attempted. State trading is not something which is an anathema to us. We had State trading in certain articles, as for instance, foodgrains We have State trading in steel today. We have State trading in fertilisers, and also in a certain amount of imported cotton from East Africa and Sudan. I was glad to hear from the hon. Minister that the experience of State trading in these articles has been satisfactory. If that be so, then what is the reason for shelving this question of State trading?

[Shri L. N. Mishra]

Many hon. Members have referred to the *Report of the Committee on State Trading*. I have also read that report, and I may say, with all respect to the members of that committee, that that report is very much discouraging for anyone who has thought about this question. If Parliament feels that that committee was right, and that the opinion expressed by that committee on State trading is final, then there is nothing to say. But I feel that we should think over the question fully.

About six months back, the hon. Minister of Commerce and Industry had told us that some official committee had been appointed to examine this question of State trading. I want to know what their recommendation has been. We have to think over the fact that we cannot do without State trading.

So far as jute is concerned the House knows it has a romance of its own. It has undergone very many changes in its life. Sometime, it gets a boom, and sometime, there is slump. But if we examine the question, we shall find that most of the time, its position has been affected by a fall in foreign demand or an increase in foreign demand. The exporters in the jute trade have exploited the situation. We had a good foreign market. But in 1951-52, there was a setback and we lost our foreign markets. These exporters, in pursuit of their profit motive, charged unreasonable prices, and we lost our foreign markets. We lost our markets in Argentina, U.S.A., the Middle East and other countries. What was the price of Jute? It was Rs. 10, 11, 13, 14, like that—an uneconomic price. It goes to the credit of the Ministry that it took some steps. It persuaded people to send some delegations. Some delegations were sent. There was a recovery in the market. Today the market is somewhat reasonable and satisfactory. If we want to maintain this market, we have to see that the old story is not repeated, that these exporters do not exploit the position, that these exporters do not export according to their will only. You know that the foreign purchasers want stabilisation in the price of jute. There has been no stabilisation in the price of jute. We can guarantee stabilisation only if we have some control over the price of jute. We know that 75 per cent of the jute industry is in the hands of not more than 12 managing houses. These managing houses have entered into direct export trade also. Not only that; they have resorted to retail purchases also in the secondary and primary markets. Most of these people have their own purchasing centres. They are making purchases from the growers; they are manufacturing the goods and they are exporting the goods. So the whole monopolistic control over this industry is held by them. The result is that the State has little control. It is true that we used to get some export duty which added to our revenue. But the position is not satisfactory. During the Korean war boom days, there was some talk of having State trading in jute. But the idea was dropped. I feel that if we had adopted this idea of State trading in jute in those days we would not only have intercepted the huge profits earned by these exporters, but we would also have gained something for the State exchequer. But we did not do that. I feel that we committed a grave blunder in those days by not doing it, and we are reaping the consequences of that mistake now. Therefore, we should have State trading in certain articles at least. Today, the position of tea is very good. We have got a boom. People say there is competition, the character of the market has changed; therfore, there is no use having State trading. We missed a great opportunity by not having State trading in Jute. Why not we have State trading in tea today? As far as jute is concerned, even today we can have State trading. That will give us a chance to try the policy of State trading. It does not matter if we incur some loss. In this subject, some loss should be no consideration. There are intersts which are going about with propaganda to the effect that State trading is not advisable. Many of the Members might have seen a booklet published by the Calcutta Employers' Association entitled *State Trading in Foodgrains*. They have tried to show how the State has incurred a loss by resorting to the policy of State trading in foodgrains. Yes, we have lost. But do you know what the consequences would have been if there had been no State trading in foodgrains? There would have been a second 'Bengal famine' in the country. These private interests would then have earned enormous profit at the expense of the people, and the people would have suffered. The country had a serious food problem, and the State was right in having a policy of State trading in food. Therefore, we should not get discouraged by theoretical suggestions of the character put forward by these interests, and give up the idea of State trading.

Shri A. M. Thomas had said something about a State trading corporation run by the Travancore-Cochin State or Madras. I also feel that at the central level, there should be a State trading corporation. It should examine the position of all the commodities with which we deal. We can have State trading not only at the import and export level, but also at the internal level. So far as the agricultural raw materials are concerned, the agriculturists are deprived of their due share. There is no fair relation between the prices of manufactured goods and agricultural raw materials. A reasonable price has been denied to the agriculturists. Therefore, if a State trading corporation is created, it may look not only after import and export trade but after the internal trade also. The corporation may be given adequate powers and adequate personnel. If we want to have private individuals for this purpose, let us employ people from the private interests also, if they can serve the country. Because of the risk of loss or want of personnel, we cannot give up the idea of State trading. I believe that mere State trading may not give us any finance to finance the Second Five Year Plan, but I feel State trading can give us some resources for economic development and more of capital investment. That would also end the monopolistic and quasi- monopolistic control by private interests.

A week ago we were discussing the Press Commission's recommendations. They have suggested the formation of a State trading corporation for newsprint. I know newsprint is an article which is very much exploited. The Press barons exploit it for getting advertisements, for circulation etc. We can have state trading in newsprint in the same way as in jute. Then there is the question of mica. I come from Bihar and I know the history of the mica industry. We have lost foreign markets and the industry has suffered. But the internal consumption is going to increase, and there is no cause for alarm. Also, there is the question of manganese ore. We have lost our foreign market in this commodity, in the U.S.A. But since we are producing more steel, we will be utilising more and more manganese ore. I would request Government to consider all these articles with reference to State trading and not mind the risk. It is a fact that the Public Accounts Committee and the Estimates Committee may comment on the loss incurred. They are representative Committees of Parliament and they would give us the margin once Parliament decides the policy to have State trading. The officers have to be given some latitude. If there is a loss incurred, it does not matter. You may incur a loss, as you are incurring in many other industries. But the risk has to be taken.

Shri A. M. Thomas: Will any officer take the risk?

Shri L. N. Mishra: Prof. Mahalanobis has said that if the public sector

[Shri L. N. Mishra]

is to be expanded, the rules have to be amended, our services have to be given more powers; they must be given power to take quick decisions. If we do not do it, there is no use of having more of the public sector or of talking about a socialistic pattern of society. I therefore support the policy of State trading in certain chosen articles, and in pursuit of it, the creation of a State trading corporation

श्री शिवमूर्ति स्वामी : मैं श्री ए० के० गोपालन के प्रस्ताव को तहे दिल से सपोर्ट करता हूं और साथ ही साथ मैं अपना अमेंडमेंट भी पेश करता हूं।

इस हाउस में दो तरह के ख्यालात जाहिर किये गये हैं। चन्द एक मेम्बरान ने अपना यह खयाल जाहिर किया है कि यह बिलकुल अपॉर्च्यून टाईम नहीं है और इससे ज्यादा देश को आमदनी होने वाली नहीं है और साथ ही उन्होंने यह भी हमको बताया है कि जिस तरह की मिशनरी स्प्रिट वाला परसनल हमारे पास होना चाहिए, आज हमारे पास नहीं है। मैं यह बता देना चाहता हूं कि मिशनरी स्प्रिट के आदमी यदि आप बी०ए०, एम० ए०, वाले लोगों में या आई० सी० एस अफसरों में देखना चाहें, तो वहां आपको नहीं मिलेंगे। इसके लिए तो आपको बिजनेस मार्केट में जाना पड़ेगा, जो छोटे छोटे व्यापार करने वाले हैं, उनमें छानबीन करके अपने मतलब के आदमी निकालने होंगे और उनके सहयोग से अगर आप अपने यहां एक तरह की लिमिटेड कारपोरेशन कायम करेंगे, और जिस तरह ट्रेड मशीनरीज और बहुत से मुल्कों में कायम की गयी हैं, उस तरह पर अगर आप प्रोसीड करेंगे तो मैं समझता हूं कि हम अपने मकसद में कामयाब हो सकेंगे। इस तरह अगर छोटे छोटे लोगों को चांस दिया जाय तो मैं नहीं समझता कि भारत में ऐसा पर्सनल नहीं है जो कि फारेन ट्रेड में एक्सपर्ट होकर मुल्क की खिदमत न करें।

मेरा दूसरा सुझाव यह है कि अगर हम अपने मुल्क को सोशलिस्टिक पैटर्न पर बनाना चाहें या समाजवाद की तौर पर इस मुल्क की एकानमी को बढ़ाना चाहें तो कोई वजह नहीं है कि हम स्टेट ट्रेडिंग को हाथ में न लें। यहां पर स्टेट ट्रेडिंग की एक ग्लूमी पिक्चर दी गई है। लेकिन क्या मैं अपने दोस्तों से एक सवाल पूछ सकता हूं? लोग एक्सपोर्ट और इम्पोर्ट के लिये लाइसेन्स लेते हैं, वह लोग खुद व्यापार करते हों, यह बात दूसरी है, लेकिन क्या ऐसे ही लोग बाजारों में अपने लाइसेन्स को हजारों रुपये में नहीं बेचते? जो बड़े बड़े मार्केट्स हैं, जैसे बम्बई, कलकत्ता, मद्रास, ट्रावनकोर कोचीन वगैरह, वहां क्या लाइसेन्स हासिल करने के लिये हजारों लाखों रुपये नहीं दिये जाते हैं? और उन एक्सपोर्ट इमपोर्ट लाइसेन्सों को हासिल करने के बाद क्या होता है? न वह एक्सपोर्ट करते हैं न इम्पोर्ट करते हैं, बल्कि सिर्फ लाइसेन्स दूसरों को दे दिये जाते हैं और बहुत रुपये पगड़ी की तौर पर कमाये जाते हैं। इस के बारे में मैं यह भी सुनता हूं, और यह ठीक है, कि यह कोई जरूरी नहीं है कि एक्सपोर्ट इम्पोर्ट बिजिनेस में नुकसान ही होता है। कुछ इन्टरनेशनल मार्केट्स जरूर होते हैं जिन में हमें नुकसान होता है, लेकिन मैं इस खयाल का नहीं हूं कि स्टेट ऐसी चीजों का एक्सपोर्ट या इम्पोर्ट लाइसेंस इश्यू करना बन्द कर दे। वैसे यह चीजें खुली तौर पर ट्रेड करने के लिये इन्डिविजुअल्स को भी दी जा सकती हैं, लेकिन अगर कामर्स और इन्डस्ट्री मिनिस्ट्री पूरी तौर से स्टेट ट्रेडिंग करना चाहे तो उस को मार्केटिंग के लिये एक मैशीनरी या ट्रेड कारपोरेशन जरूर बनाना पड़ेगा, नहीं तो कामर्स और इन्डस्ट्री मिनिस्ट्री सिर्फ एक कंट्रोलिंग आफिस हो कर रह जायेगी और सारी मार्केट जो व्यापारी लोग हैं उन्हीं के हाथ में रह जायेगी।

एक टैक्सेशन एन्क्वायरी कमिशन बनाया गया था उस ने कहा है कि हमें नानटैक्सेशन ढंग

सं बढ़ना चाहिये। अब टैक्स इतने बढ़ गये हैं कि छोटे छोटे आदमियों को व्यापार करना बड़ा मुश्किल हो रहा है, लेकिन बड़े बड़े आदमियों से हम को उस को लेना चाहिये। इस तरह से टैक्स ले कर हम बहुत कुछ बचा सकते हैं। आज हमारा पैसा जब इन्डिविजुअल्स के पास आ जाता है तो उस का उन के पास से निकाल लेना बहुत मुश्किल होता है। लेकिन स्टेट के पास आने के बाद उस को हम ठीक से खर्च कर के अपनी इन्डस्ट्रीज को बढ़ा सकते हैं। हम प्लैनिंग कर रहे हैं, पहली पंच वर्षीय योजना खत्म हुई, दूसरी पंच वर्षीय योजना को अब हाथ में लेने जा रहे हैं, इस के बाद तीसरी पंच वर्षीय योजना होगी। दूसरी पंच वर्षीय योजना के अन्दर बड़ा अपार्चुन टाइम होगा स्टेट ट्रेडिंग को बढ़ाने का। तीन साल हुए एक फिस्कल कमिशन बैठा था। जिस तरह की उस की स्कीम थी, उस के कंटेक्स्ट में हम आज प्लैनिंग की बात यहां बैठ कर सोच रहे हैं। उसी तरह एक स्टेट ट्रेडिंग कमेटी बनी, उस की रिपोर्ट आ गई, लिहाजा उस के कंटेक्स्ट में, आज कल के जमाने के कंटेक्स्ट में, मैं ने यह एमेन्टमेंट दिया था कि एक कमेटी बैठाई जाये और वह कमेटी हमेशा स्टेट ट्रेडिंग कारपोरेशन को हिदायत करती रहे कि कौन से माल को सरकार को अपनी मोनोपली में हासिल करना चाहिये। मिसाल के लिये मैं टी की एग्जाम्पुल दूं। हमारे पास टी का पूरा बाजार था, हम ने १९५४-५५ में १४७.०६ करोड़ रुपये की टी एक्सपोर्ट की, १९५४ में १०२ करोड़ रुपये की और १९५२ में ५१ करोड़ रुपये की एक्सपोर्ट की थी। इस तरह धीरे धीरे टी इन्डस्ट्री के अन्दर जो क्राइसिस थी उस को काबू में किया और जैसा कि अभी मिश्र जी ने बताया, हमारे तमाम मुल्क में जूट और टी का ७० परसेन्ट एक्सपोर्ट हम कर रहे हैं। इसी तरह से जो हमारे बड़े बड़े ट्रेड हैं अगर उन को हम हाथ में ले कर स्टेट ट्रेडिंग के दायरे में ले आयें तो कोई वजह नहीं है कि हमें नुक्सान हो। दूसरे इस तरह से हमारी 'इन्टरनेशनल मार्केट को जो नुक्सान पहुंचता है उस को भी रेगुलेट कर सकते हैं। लेकिन मुझे बड़ा ताज्जुब हुआ यह जान कर कि टामस साहब के यहां यानी ट्रावनकोर कोचीन में, जहां पर मैं गया भी था, पेपर इन्डस्ट्री वगैरह में चन्द लोगों को बड़ी तकलीफ हुई थी। अब चन्द फार्म्स के हाथ में वह इन्डस्ट्री है और वह लाखों रुपये पैदा कर रहे हैं। जब वह किसानों या इन्डिविजुअल्स के हाथ में थी तो पैदा करने वालों को नुक्सान होता था। बात यह है इन्डिविजुअल व्यापारियों के हाथों में होने से रेट्स में फ्लक्चुएशन्स होते रहते हैं। फार्म्स के हाथों में आ जाने से यही नहीं कि फ्लक्चुएशन्स कम होते हैं बल्कि एक किस्म की आसानी और पैदा हो जाती है कि एक्सपोर्ट का एक अलग रेट रहता है और इनर ट्रैन्जैक्शन का रेट अलग रहता है। दोनों में काफी मार्जिन रहता है इस लिये ज्यादातर नुक्सान नहीं होता। लेकिन इस की वजह यही है कि यह इन्डस्ट्री इन्डिविजुअल्स के हाथ में बाकी नहीं रहती है। मैं जानता हूं कि आज हमारे नैशनल्स में सिन्सिअरिटी है, दूसरी बिजिनेस कम्युनिटीज में भी बहुत काफी सिन्सिअरिटी के लोग हैं। हम को उन सिन्सिअर लोगों का सहयोग लेना चाहिये। बाज ऐसे लोग भी होते हैं जो कि कभी अपने मुल्क की बात नहीं सोचते हैं, अगर हम किसी फारेन कंट्री का एकानामिक ब्लाकेड करना चाहते हैं, जैसे कि गोवा के बारे में, तो ऐसे लोग भी मौजूद हैं जो एकानमिक ब्लाकेड की परवाह न कर के छिपे तौर पर उन से व्यापार कर सकते हैं। खुद मुझे मालूम है कि जब यहां एक्सपोर्ट और इम्पोर्ट कंट्रोल था उस वक्त भी लोग पेट्रोल और तेल का एक्सपोर्ट और इम्पोर्ट छिपा कर के सरकार को किस तरह से धोखा दे रहे थे। लेकिन मेरे कहने का मतलब यह है कि पालिसी के लिहाज से, पोलिटिकल रीजन्स के लिहाज से और मुनाफे के लिहाज से भी हमें ऐसे लोगों का सहयोग जरूर लेना चाहिये जिन से हमारी छोटी छोटी इन्डस्टी को फायदा पहुंच सकता है। मुझे इस की

[श्री शिवमूर्ति स्वामी]

खुशी है और मैं इस को यहां पर बतला देना चाहता हूं कि आज कल जो हमारी हैंडलूम इन्डस्ट्री की प्रोडक्ट्स हैं वह फारेन् कंट्रीज को एक्सपोर्ट हो रही हैं, लेकिन इस लिये उस की तरक्की नहीं हो रही है कि ऐसी कोई स्टेट मैशीनरी नहीं है जो उस को जमा कर के दूसरे मुल्कों में, जहां पर उस की मार्केट है, बाजार है, वहां पर उस को भेजे। प्राइवेट लोगों के व्यापार करने से उस की तरक्की नहीं हो सकती है। जब तक सरकार देश में इस तरह की मैशीनरी नहीं बनाती है, उस वक्त तक इन छोटे व्यापारों की तरक्की नहीं हो सकती है और न ही छोटे प्रोड्यूसर्स की ज्यादा कैपेसिटी ही बढ़ सकती है। इस लिये मैं बहुत नम्रता से प्रार्थना करता हूं कि आप स्टेट ट्रेडिंग को हाथ में लीजिये।

हमारे यहां १९५४-५५ में कुल १२१९ करोड़ रुपये की स्टेट ट्रेडिंग रक्खी गई थी, उस में एक्सपोर्ट और इम्पोर्ट दोनों ही हैं। हम को देश में एक्सपोर्ट को अपने हाथ में लोग हाथ पड़ा था। लेकिन अगर हम इम्पोर्ट को अपने हाथ में नहीं लेते हैं और उस के लिये लाइसेन्सेज देते हैं तो वह बाहर के मुल्कों से सस्ता माल ले कर देश में मंहगा बेचते हैं, वह लोग कामन मेन, यानी पब्लिक के इन्टरेस्ट को नहीं देखते हैं और सोसायटी के एक्सप्लायटेशन से अपने मुल्क को और अपने मुल्क के रहने वालों को नुक्सान पहुंचाते हैं। यह कोई नई बात नहीं है। लेकिन किसी डिमाक्रेटिक सेट अप में यह शान की बात नहीं समझी जानी चाहिये। लिहाजा मैं यह कहना चाहता हूं कि एक्सपोर्ट के साथ साथ इम्पोर्ट को भी, जो जो माल जिन्दगी के लिये और नेशनल डेवेलपमेन्ट के लिये जरूरी हों जैसे मेशीनरी है यानी कैपिटल गुड्स, उन के इम्पोर्ट को भी अपने हाथ में लेना चाहिये। अगर आप कंज्यूमर्स गुड्स को इम्पोर्ट करेंगे तो लोकल इन्टरेस्ट में एक क्राइसिस पैदा हो सकती है। जब तक आप कंज्यूमर्स गुड्स का जो इम्पोर्ट हो रहा है उस को नहीं रोकते तब तक आप अपने पेर पर खड़े नहीं हो सकते हैं।

लिहाजा मैं इस समय सिर्फ इतना ही कहना चाहता हूं कि अगर आप भारतवर्ष को एक समाजवादी स्टेट बनाना चाहते हैं, देश में समाजवाद लाना चाहते हैं, या समाजवादी राज्य कायम कर के तरक्की की तरफ ले जाना चाहते हैं तो कोई वजह नहीं है कि आप मेरे सुझाव पर विचार न करें। एक न एक दिन आप को ट्रेड को अपने हाथ में लेना पड़ेगा। आप के पास न पर्सोनेल की कमी है और न नालेज की। आप को इस में कोई इन्फीरियारिटी काम्प्लेक्स नहीं फील करना चाहिये। हमेशा हिन्दुस्तान में ऐसे दिमाग रहे हैं, और आज भी हैं जो इस काम को कर सकते हैं, लेकिन जरूरत है उन का सहयोग लेने की। आप में इस की ताकत पैदा होनी चाहिये और यह ताकत हमेशा बढ़ती जानी चाहिये कि आप ऐसे आदमियों का सहयोग ले कर एक सहकारी भावना से एक स्टेट ट्रेडिंग कारपोरेशन कायम कर सकें। अगर आप ऐसा करेंगे तो कोई वजह नहीं है कि आप इस काम में नाकामयाब रहें। पंच वर्षीय योजना को कामयाब बनाने के लिये और छोटी छोटी दस्तकारियों को मदद करने के लिये गवर्नमेन्ट को स्टेट ट्रेडिंग को अपने हाथ में लेना चाहिये।

इन अल्फाज के साथ मैं इस रेजोल्यूशन की ताईद करता हूं और उम्मीद करता हूं कि हाउस मेरी इन व्यूज के साथ है।

Shri Ramachandra Reddi: While I am very happy that Shri A. K. Gopalan has brought forward his resolution before the House ot attract the attention of the House towards this important question, I am not able to agree with him in the approach he has made to this problem. Evidently the provocation for this resolution is the statement that Professor Mahalanobis seems to have made somewhere....

Shri M. S. Gurupadaswamy (Mysore): Very difficult to pronounce.

Shri A. M. Thomas: What is the proper pronunciation of it?

Shri Ramachandra Reddi:....that on account of foreign trade monopoly by the Government there will be a great possibility for earning and investing more money on the Second Five Year Plan. I am afraid that it has not been properly understood. Evidently he thought that greater profits can be secured by the Government and those profits can be ploughed into the Second Five Year Plan. But when we examine the matter closely, I do not think that he is so very correct. While I want that the entire matter has to be examined by a committee set up for that particular purpose. I would not throw cold water on the proposition of State trading by Government unless and until it is properly examined. It might be said that in 1949-50 a committee had been appointed for this particular purpose and the committee had reported to us and so no further committee is necessary for this purpose. But the circumstances that existed in 1949-50 are different from the circumstances that exist today. Then there was great dearth of consumer goods, there were great restrictions on exports and everybody felt that there must be something done by the Government with a view to relieving the situation and helping the consumers as well as the producers in their respective spheres. But today normal conditions have come into existence, and trade channels are working normally. If there are any defects in the working of these channels, there must be other steps taken to correct them. Any advocate of State monopoly of export trade must realise the vastness of the problem. Several hundreds of crores of rupees have to be invested by Government if the State should take up the monopoly of exports. Whether the Government would be able to find that investment is one thing, and whether the amount of Rs. 500 or Rs. 600 crores invested by the private sector will be sufficient for the Government to take up the trade monopoly is another thing. Ordinarily, Government methods and the manner in which they work some of the schemes do require two to three times that amount to conduct their trade activities in a proper manner. We have had sufficient experience in former years of the capacity of the Government to undertake any trade activities. We had our painful experience that in everyone of those activities that the Government undertook, there has been a loss or disappointment. Even with regard to foodgrains there seems to have been a loss of Rs. 277 crores, probably inclusive of nearly Rs. 30 crores that were lost in rice transaction with Burma. Several factors will be affected by the State monopolising the export trade, and the activities of several individuals will have to be cut short. The costs of the Government would also increase either because of the fact that they are not properly trained for the purpose or because of the fact that they will not be able to get proper men for conducting the trade activities. There will be ordinarily several wastages in the transactions. Usually we find haulage costs, wastage, shortage, pilferage and also the difficulty in grading, standardisation, elimination as well as price discrimination. These are all matters that cannot be expected by Government to be learnt in one day or within a short period, and they are matters where a lot of experience has to be gained.

The Punjabrao Committee, which reported in 1950, was not very hopeful about the success of State monopoly of export trade. They advised caution and selective application of the principle of State trading, and they wanted that interference with normal trade channels should be avoided. These are the two main principles on which they felt very strongly, and they cannot be forgotten even today when we apply the

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State trading monopoly system to our conditions. In 1949 the devaluation of the rupee had its own repercussions, and today in 1955 we have the devaluation of the Pakistan rupee, which also has its own repercussions. Shri Gopalan told us that there are very wide disparities in prices between Indian markets and foreign markets, and he quoted one or two instances. But we are always conscious of the fact that the Government is very alert in these things and they will try to impose as much export duty as possible to equalise the prices or to reduce as much as possible the profits of the middle-man or the exporter here. The countries where we have our markets for exports are very many and the conditions there will have to be studied by the Government closely before they enter into any trade with them. As a matter of fact, unless a trading is inaugurated by the Government or conducted for the purpose of understanding the trade methods, there is every possibility of mistakes being committed and I think, at this stage, neither the Government nor the people will be willing to allow any more mistakes to be committed, in the interest of our own economy. Even with regard to foodgrains trade that we had to take up some years back, we are told that the Government has not been able to unveil or reveal the secrets in regard to the administrative charges that they incurred. As a matter of fact, large sums of money have been spent both by the State Governments and the Central Government in conducting the administration of food purchase and distribution. All these hang heavily upon the common taxpayer. It is all right when Shri Raghuramaiah is thinking of only monopoly in tobacco or Shri Thomas of pepper and cashewnut, but we have to understand the overall picture of the monopoly trade and find out, after a proper examination, the difficulties underlying there. I have one instance to mention to this House. During the war period, monopoly export of mica products was taken over by a particular committee under the instructions of the Government. They had to seize, purchase and export mica. Immediately after the war was over there was such a large demand from other countries for mica and that went to show that there was much disparity between the price given to the producers here and the price prevailing in the foreign markets. Thus, the producer and exporter lost very heavily and probably the Government also incidentally in having allowed the monopoly mission to take care of the purchase and export of mica. That is a commodity which is not utilised very much in our own country; it is a dollar earning commodity. In that respect, America had the largest monopoly of the profit and India lost much. In between came the Government to arrange for the monopoly and trade and the sufferers were the producers, the labour here and also the dealers in mica.

It is, therefore, in that view that I would suggest the entire matter has to come up before a small committee of experts. The committee need not take a very long time because they know the trade conditions today both here and elsewhere. After a short enquiry they may give a report upon the subject which could be most welcome. Otherwise, if we are to rush into the field as suggested by Shri A. K. Gopalan and "immediately enforce", this, probably we will be committing a very big mistake especially in view of our former experience. The work of the committee which I suggest would be to study the trade conditions as well as the capacity of the Government both in the machinery that it can have for this particular venture and also its financial capacity; the financial commitments of the Government and for how long they have to be there duly committed will also be studied and reported upon. Above all these things, the increase in the cost of the machinery of the Government will have to be taken into consideration and studied. Over and above these things, the matter whether any sector of labour or producers would be affected by the Government's taking up the State monopoly will have to be studied and carefully reported upon.

These are the very few suggestions that I make in support of my amendment and I wish the Government will not be in a mood to reject the suggestion—namely appointing a committee with a view to examine the whole thing and advise Government as well as the country on this very important problem when we are at the threshold of the Second Five Year Plan.

Shri V. P. Nayar: I was rather amused when I heard the views of some of the hon. Members of the Government party who actually had no case against the adoption of this resolution. I was particularly interested when I found that of all persons on the other side, Shri Raghuramaiah had taken some interest in economic matters.

An Hon. Member: Tobacco.

Shri V. P. Nayar: What is the substance of the resolution tabled by Shri A. K. Gopalan? Shri Raghuramaiah says that we have no ground and the State cannot take control of trade but because tobacco is presenting a problem in Andhra it may be tried.

Shri Raghuramaiah: I do not like to be misrepresented. What I said is this. Tobacco is only illustrative. There may be hundred other commodities which may be similarly situated. What I said is that where trade in other countries is in monopolistic hands we are at a disadvantage in not having similar monopoly here. That is illustrative and not exhaustive.

Shri V. P. Nayar: Let me put it as I heard it. I thought that he was not against State controlling the trade in the matter of tobacco. Then we go to Travancore-Cochin where Shri A. M. Thomas condemned the resolution. But so far as spices are concerned—because Travancore-Cochin has a monopoly of spices—he says, let us try spices. Let us look at the points made by Shri L. N. Mishra. He comes from Bihar where jute and mica presents a problem and he says that these two articles may be taken over.

Shri Raghuramaiah: I suppose you are interested in coconut.

Shri Raghunath Singh (Banaras Distt.-Central): What are you going to say about U.P.?

Shri V. P. Nayar: I was reminded of a phenomenon in nature which may be called mosaic vision. You know the famous biologist Muller has defined certain insects. Their eyes are divided into compartments and they could not see a whole object. One part of that will cast shade on that particular eyelet and the insect has to move round to have a whole picture. It is just like Shri Raghuramaiah coming from Andhra saying about the necessity for tobacco; Shri Mishra coming from Bihar seeing the necessity for controlling the trade in the matter of mica and jute and my hon. friend Shri A. M. Thomas very emphatically talking about the necessity for having some other thing. We may take the sum total of all these.

Shri Raghuramaiah: Your eye is on the whole Government and the country.

Shri V. P. Nayar: In our resolution, we do not say that these are the articles to which you have to confine State trading. I have given notice of an amendment to include some other articles. It is open for Members to say that other articles should be included: they can send their amendments.

Shri Raghuramaiah was again saying that when you dealt with countries

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where there was free trade, you could not stipulate this. I was not surprised when he brought out his theory that because there is a fluctuating market, it is impossible. Perhaps it will take a few months or years for him to understand that, as the Mover had pointed out, if you have long-term international agreements, that is a factor which would precisely work against the operation of price fluctuations. That requires some understanding of economics for which the hon. Member may take some time.

Shri Raghuramaiah: I would prefer a better teacher under better auspices than my friend Shri V. P Nayar.

Shri V. P. Nayar: That he shall not get. Shri A. K. Gopalan's resolution must be viewed in its entirety. What was the case he made out? He made out a case that we must have an agreement with other countries for a long duration, for a number of years and such international commodity agreements must necessarily have one condition, that is the regulation of price. Under such conditions no stretch of imagination can bring us near to any conclusion that prices will continue to vary.

Shri A. M. Thomas: For an agreement there must be two parties.

Shri V. P. Nayar: The parties can be found out very easily. That is a point which has been missed.

The most important points were there as I heard the hon. Members. We can understand the stand taken by Shri G. D. Somani. All along he has been emphatically defending the monopoly in the private sector and very consistently doing it. I do not have any quarrel about him. There was some other point made by him. For instance, a question was posed. Supposing you take to State trading, where does the Government have the apparatus? I ask this very simple question. Is not our Government running the railways with over a million workers. If it is a question of technical job, is not our Government having arrangements for transport, industry, etc. Is this export trade a more technical and intricate problem which the resources of Government cannot work out?

Then I come to the question of previous losses. Much has been said about our experience in State trading. Sir, you have only to go through the documents submitted by the Public Accounts Committee to see how such unauthorised deals had ended in such colossal loss. For example, I refer to Japanese cloth scandal. Why did we loss? The Public Accounts Committee has come out with a very definite statement on that which the Ministry and, particularly, Shri T. T. Krishnamachari did not choose to consider. That apart, we know now how in the case of former transactions on a State to State basis we have lost. Shri A. M. Thomas was quoting Chou-En-lai. But, has he said that because at a particular point of time some mistakes were committed by some people and they own those mistakes we should not make a beginning? Is it Shri A. M. Thomas' view that because we are likely to commit some mistakes we should put it off?

Then, another point was made about the question of personnel. It is rather fantastic in this context to think that the State cannot take over this field which is so very necessary in our present context of planning because we shall be requiring a number of persons to run this. The vastness of the problem, as Shri Ramachandra Reddi said, seems to be a nightmare, but a Government which has to deliver the goods for 360 million people will certainly have to tackle vast problems. You have to find out ways and means how to tackle them. It is no good saying that because the problem, as you see it, is very big, we cannot make a beginning.

Sir, I do agree that the problem has to be studied from several angles and some study has already been made, however incomplete it may be. But, that is no reason why you should put it off. Five years ago nobody thought of having a Plan. Then, you had a Plan, however badly it might have been worked out, or however badly it might have been implemented. We did have a Plan and it was a big Plan too. Was it not? At that time Government did not come out to say: "We have nobody with us to have a Plan worked out". Therefore, that is no argument.

I have given an amendment to include two or three articles apart from those already included in the resolution of Shri A. K. Gopalan. Here I should like to quote from a report of the Government to show why this resolution is necessary and why these articles have also to be included. For example, here is a report of the Spices Enquiry Committee. My amendment seeks to include cashew-nuts also as one of the items for State trading. Here is a very revealing passage. If you go through this report it tells you the details about how three or four monopolistic concerns in Bombay are operating in connection with the import of raw cashew-nuts and are having complete control over the industry. Shri T. T. Krishnamachari has time and again admitted that these three or four companies are in a monopolistic position.

Shri A. M. Thomas: Sir, is it not the parliamentary convention to refer to Ministers by their designation and not by name?

Shri V. P. Nayar: Let us not worry about conventions.

Shri Punnoose: He can speak good of them. (*Interruption*).

Shri V. P. Nayar: The hon. Member from Ernakulam may do well to be silent. This is what the report I mentioned says at page 124:

> "While bulk of the Indian cashew-nut crop is collected by itinerant merchants, the imports of foreign nuts are done mainly through a few influential firms for whom this forms only a side-business. The Government should, therefore, give all assistance to the factory owners in regard to the procurement of raw nuts from foreign countries."

This is precisely what is contemplated in the resolution. How are you going to help them? Government says: this is not a document which we have brought out. This is after all a report of a committee appointed by Government. It says that in order to sustain the industry, in order to see that the industry does not collapse, Government has to help the factory owners in getting raw nuts. Why don't you have State trading in that? It is admitted by Government—both by the hon. Minister for Commerce and the hon. Minister for Commerce and Industry—that some three or four firms in Bombay control the entire import of raw nuts.

Then there is another commodity and that is lemon-grass oil. There also, in a few years, from about Rs. 40 lakhs our export went up to Rs. 2 crores. These are all agricultural commodities which are not controlled by a few managing agencies or some thing like that. About 35,000 acres of land cultivating lemon-grass are distributed among as many people as possible. Every man has a small holding. Before the war or just in the middle of the war our export was to the tune of Rs. 40 lakhs and then it went up to Rs. 2 crores. But no peasant who is manufacturing lemon-grass oil can ever have an estimate of what he will get from the next crop because the price is subject to much variation. If he plans out his domestic budget on the basis of an yield of say Rs. 500 from an acre of land it may not come true. When the prices of agricultural commodities decide the domestic budgets of thousands of people in this country, there is no reason why Government should not attach importance to those commodities and take them over straightaway.

The Report of the Spices Enquiry Committee has given a case for all the articles dealt with in that Report.

Mr. Chairman: The hon. Member must conclude now.

Shri V. P. Nayar: I am sorry, I have not the time to quote from it.

Shri A. M. Thomas: They do not recommended State trading.

Shri V. P. Nayar: They have not used the words "State trading". But, they say that Government should give assistance to factory owners with regard to the procurement of raw materials. On the one hand they admit that monopoly is there; on the other hand they say that the industry is in a very bad position because of monopoly and on the third they say that Government should give all help; help which can rehabilitate the industry and which can prevent monopolistic groups in the industry. That help, we say, is the help through State trading. Let the Government import all raw cashew-nuts and distribute them at a fair price. That is what I mean by State trading though Shri A. M. Thomas might have some other notions about it.

Sir, in considering this resolution I would request hon. Members, who, unfortunately for this House and for the country, hold opposite views, to consider this aspect of the question. We very often know that in the game of football there are some good defence players who never go after the ball but go after the player. In the same way, because the resolution has come from Shri A. K. Gopalan, Shri Raghuramaiah went out for Shri Gopalan and did not touch the subject.

Shri Raghuramaiah: It is a good hint to you to change sides.

Shri V [illegible] ayar: Therefore, I submit that not merely these articles which are covered by the resolution should be included in State trading but such other articles as ginger, cashew-nuts and lemon-grass oil and other agricultural commodities on the prices of which depends the economy of thousands of people, should also be taken up for the purposes of State trading immediately, so that whatever profit Government can make can be utilised in the context of our planning for the common advantage of the people.

Shri Bogawat: I am very glad, and it is a healthy sign, that the persons who were speaking very violently against the Government are now putting trust in Government. It is also a very healthy sign that Communist Party has begun to care for the Second Five Year Plan.

Sir, you know that out of the articles mentioned in the resolution, many articles such as tea, jute, cotton etc., have been listed as those in which we have to increase our production in the Second Five Year Plan. Similarly we have to increase our industrial production. Now, I admit that Government may be in a difficult position because they are not having the personnel or experienced people or business minded people to carry on State trading.

5 P.M.

I also know that there was loss during the last ten years when there were controls so far as the State trading is concerned. But it should not be the case of Government that they cannot approach this problem. Government will have to consider this problem in the near future. Some of the Members have given their reasons, and I shall give my reasons also. So far as the exports and imports are concerned as Government have to give licences for foreign trade, it is but natural that some people take undue advantage of those licences. Not only that. Though we may have some honest officers, it has come to my notice that in many cases some officers have pocketed money and when it is a question of duty on the export trade, these big business people try to know many things and they take undue advantage. The reason why I have given amendments as regards oilseeds is this. In 1954 I know that one businessman had made a profit of Rs. 1 crore in oilseeds and Government refused to make an enquiry into it, so as to know what advantage he got and how he got the information about the duty and from what officers and so on. If these enquiries are made, Government will come to know how underhand dealings are going on and how big business people have taken undue advantage so far as these transactions are concerned. If these things had not happened, I would not press on Government that there should be State trading on some of the articles. We know that we are exporting commodities to the value of Rs. 550 crores or thereabouts, to foreign countries. I have not got recent figures, but I shall quote from the figures for 1952-53. The export of tea was to the tune of Rs. 80,30,50,000, cotton, Rs. 28,94,10,000; oilseeds and oils, about Rs. 29 crores in all; hides and skins, Rs. 20,34,53,000 in 1952-53 and Rs. 25,76,96,000 in 1950-51; metalic ores, Rs. 36,98,97,000.

One of the hon. Members said that trade in jute is in the hands of 12 managing houses of a big type. It is but natural that these managing houses cornered the market. Then there are fluctuations and they take undue advantage, and the result is that our agriculturists suffer very heavily. This happens every year. When the agricultural products come into the market, the poor agriculturists do not get the proper price. This is due to the fact that the big business people have the trade in their hands and they take undue advantage of the ignorance of the agriculturists. The agriculturists are needy people and they have to sell their crops, in the circumstances, at a low price. So, in order to protect our agriculturists, in order that there should not be undue advantage [illegible] the big business people who corner the market and also in order that there should be some reserve or some profit for our second Five Year Plan, it is very necessary that out of the articles that I mentioned, Government should begin to trade at least in some of those important article. Why not make a beginning? I request Government to make a beginning so far as some important articles are concerned, for instance, jute, tea, etc. If this is not done, then the producers will have to suffer and especially the agriculturists will have to suffer.

There is one more thing. We are exporting hides and skins to the value of Rs. 20,34,53,000. This is not a good thing. Why not encourage this industry and prepare leather instead of importing leather from foreign countries? So many things are to be looked into. When our country is to prosper and when we have to implement our Second Five Year Plan, State ing is but a necessity. I humbly submit, without making a big speech, that Government, though for the present it does not want to have State trading in all the articles, should at least make a promise that it will think out the problems and make a beginning with some of the important articles. Then I have nothing to say, but the beginning will have to be made. I submit that for the sake of avoiding these illegal things, so that our agriculturists should not suffer and that the State should be prosperous and our second Five Year Plan should go on properly, it is very necessary that Government should take interest, prepare plans and recruit good personnel and also people having good experience in business and thus see that State trading is begun. If Government does this, I think many things will be accomplished.

The Minister of Commerce (Shri Karmarkar) *rose*—

Mr. Chairman: There are only three minutes more.

Shri Karmarkar: I shall just say one sentence. This is really a very important subject and it is at the relevant time that this subject has been brought before the House.

Shri M. S. Gurupadaswamy: Are we not having more time?

Shri R. N. Singh (Ghazipur Distt.—East Ballia Distt.—South West): We have got one hour more.

Mr. Chairman: How does he say it? Did the House agree at any time that it will sit up to 6 o'clock today? So far, it has not taken any such decision.

Shri M. S. Gurupadaswamy: If I have understood aright, we have to sit till 5-20 P.M.

Mr. Chairman: There is no point because the reply will not be complete. After all, the hon. Minister is likely to take 20 or 30 minutes.

Shri Karmakar: I shall need half an hour.

Mr. Chairman: And the reply of Shri Gopalan is also to be given. We have got only three hours in all for this Resolution. I do not want to regulate the debate in such a way that more than three hours are spent over this topic. We have yet got about 40 minutes for this resolution. Therefore, I do not think it will be of any use to prolong the debate.

The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, the 30th August 1955.